

# Organizational Assessment of Operational and Management Practices

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WASHINGTON DEPARTMENT OF  
FISH AND WILDLIFE

**matrix** #  
consulting group

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# 1. Executive Summary

The Matrix Consulting Group, Ltd. was retained by the Washington Department of Fish and Wildlife (WDFW or Department) to conduct an organizational assessment of the Department. The study was undertaken at the direction of the State Legislature as part of a budget proviso that required the Department to undertake three areas of review:

- Development of a long-term plan to balance projected expenses and revenues by providing prioritized spending reductions and revenue enhancements;
- Identification and implementation of management and operational efficiencies; and
- Development of a zero-based budget review for the Department's proposed 2019-2021 operating budget.

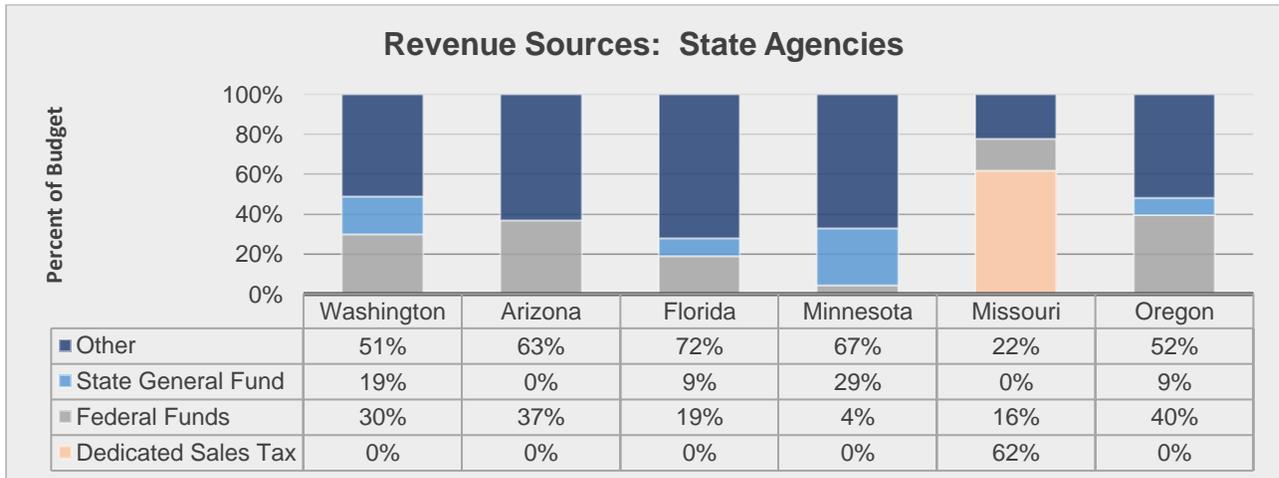
This organizational assessment addresses the second bullet point identified above. In assessing the operational and organizational structure of the WDFW, several key themes were identified that need enhancement and focus in the future. These include the following major themes: greater involvement and oversight of the Commission in guiding and evaluating operations; increased focus on public input, public education of Department accomplishments and priorities; transparency of operations; and organizational structure modifications to enhance operational practices.

The WDFW has a more complex operational environment than that seen in Fish and Wildlife Departments in other States due to the broad missions and programs that it oversees, the extensive commercial fishery operations, and the need to actively involve numerous stakeholders – including 29 federally recognized tribes in Washington, in addition to, out-of-state tribes with off-reservation hunting and fishing rights in the State of Washington.

It should be noted that the Department spends significant effort coordinating its activities with the tribal entities in the State. Because the tribes are co-managers of natural resources, they share responsibility with the Department for setting policies for the State's various customer groups and stakeholders. Some Department staff dedicate a sizeable portion of their time to tribal affairs; Regional Directors routinely work with tribal leaders to address local concerns, and the Department has a tribal policy liaison dedicated to ensuring a strong working relationship with them. This level of effort is not required in many of the States that were used as comparatives.

The other state agencies studied varied considerably in size and sources of revenue. The largest was Minnesota with an annual budget of approximately \$500 million; the smallest was Arizona with \$117 million. The Missouri Department of Conservation benefits from a dedicated sales tax that provides income stability as well as autonomy in many budgeting decisions (expenditures of the dedicated sales tax revenues are not subject to state appropriation requirements and do not need to be approved by the legislature.) Additionally, the funding approach utilized for the Washington Department of Fish and

Wildlife distinguishes the Department from other States’ Departments of Fish of Wildlife, in that it is more reliant on state general funds than most other entities.



The following table summarizes the key recommendations contained within the report in each of these broad thematic areas:

<b>Table of Recommendations</b>
<b>Budget Deficit Related</b>
Develop and propose a phased approach to fee increases to the Legislature to help balance the Wildlife fund.
Request the Legislature to adopt language allowing for annual increases to fees based on a cost factor (Cost of Living Adjustment or Consumer Price Index) as this is a best management practice.
Identify programs that are strictly restricted revenue programs and balance those programs to their revenue sources.
Clarify the budget process, including explaining to legislators the consequences of approving or requesting new activities with no funding sources.
Ensure all administrative costs are appropriately calculated and charged to all funding sources through a cost allocation plan to effectively recapture costs of providing administrative services.
Request the Legislature to allow the Department to retain 100% of commercial license and related fees to support the direct and indirect operations associated with those programs.
<b>Management Structure and Decision-Making</b>
<b>Oversight and Leadership</b>
The Commission should take a more active role in overseeing the Department and conducting administrative duties assigned to it such as: evaluation of the Director; development, approval and oversight of the Department budget; and participating in the development of the Department strategic plan.

<b>Table of Recommendations</b>
The Department should maintain the current number of members on the EMT, while the Chief Information Officer, Chief Financial Officer, Human Resources Director, and Budget Officer should attend when topics relevant to their divisions are under discussion.
<b>Organization and Management</b>
All administrative divisions should ensure that policies are clear and promote consistency across the agency. There should be review and compliance mechanisms in place to ensure that policies are being followed at all levels of the organization.
The Regional Directors should play an active role in strategic planning by writing a section of the framing context for the document
The current Assistant Director of Financial Services should become the "Administrative Service Director" and report to the Director. Alternatively, a second Deputy Director position should be established for oversight of Administrations.
The Human Resources Director should report to the new Administrative Services Director / Deputy Director position.
The number of direct reports for the Human Resource Director should be reduced to eight or fewer.
<b>INTERNAL COMMUNICATIONS</b>
The Department should implement a procedural checklist and point of contact for field staff when taking actions with a financial impact on the Department.
The videoconferencing tools in each region should be standardized.
A memo of decisions and commitments made during EMT meetings should be circulated to staff to ensure that all actions on the part of the body are clear and the leadership of each organizational unit are made aware of them.
<b>Strategic Planning</b>
The strategic plan should incorporate concrete strategies and action steps in support of its stated goals and objectives.
The strategic plan's goals and objectives should be supported by performance measures which can be tracked and reported upon.
The strategic plan should outline the trends and challenges facing the Department in each of its program areas and geographical regions.
The strategic plan should be developed using input from the Department's stakeholders and co-managers.
<b>Performance Measurement and Evaluation</b>
Under the guidance of the Commission, specific objectives and action steps should be developed for the Strategic Plan in the way they currently are for the Director's Performance Agreement. To avoid duplication of effort, The Director's Performance Agreement should include the same criteria as the strategic plan and be similarly assessed.

<b>Table of Recommendations</b>
The Director's Performance Agreement should be evaluated on an annual basis rather than a biennial basis to ensure that the Department's progress is regularly tracked.
Periodic reports on progress towards achieving the adopted strategies and objectives should be prepared and provided to the Commission, the Governor, the Legislature and the public.
<b>External Communications and Public Education</b>
The Department should designate and support regional representatives to focus on ongoing conversations and relationship-building with local stakeholders as part of the Wild Future initiative.
The input from local meetings and issue advisory groups should be formally included in the strategic plan as part of the framing context and used to prioritize the agency's goals and strategies.
The Department should use on-line public engagement tools to enable conduct of on-line meetings, on-line communications, and various survey methodology with the general public to reach an audience beyond their current most involved constituents.
The Department should establish an outreach plan to prioritize messaging to non-core customers and provide a framework for the use of appropriate technology.
The Department should develop a strategic vision for the Agency's outreach efforts and plan. Additional regional staff responsibilities for public outreach should be developed and implemented.
<b>ORGANIZATIONAL STRUCTURE REVIEW</b>
Transfer the Fiscal Analyst 5, Fiscal Analyst 2 and Fiscal Analyst 1 from the Licensing Section of the Technology and Financial Services Division to the Fiscal Office of the Chief Financial Officer.
The Internal Auditor should be organizationally transferred from the Office of the Chief Financial Officer to the Office of the Director.
The Internal Auditor should not be permitted to be a member of a collective bargaining unit of which other Department of Fish and Wildlife employees are a part.
<b>Budgetary Process</b>
Consolidate all Budget Analysts under the direction of the Chief Budget Officer in order to standardize approaches to budget development, tracking and reporting.
Procure and install a new enterprise resource planning system that replaces CAPS as a budget development tool, and is also compatible with the State's TALS system.
<b>Administrative Staffing Level Assessment</b>
WDFW should reevaluate administrative staffing levels (specifically in the IT and Financial areas) and move to realign staffing allocations to be more in line with staffing levels seen in other State of Washington Agencies.
<b>Information Technology Strategic Plan</b>
WDFW should develop and implement a comprehensive IT strategic plan for the Department with defined priorities and time schedules.

Each of these recommendations, and the supporting narrative, is discussed in detail in the following report.

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## 2. Financial Overview – Budget Deficit Review

This section of the report provides an overview of operating budget and revenues for the Washington Department of Fish and Wildlife (hereafter WDFW or the Department) including history and account restrictions and presents an explanation for current funding shortfalls.

The WDFW has a highly complex budget that has dozens of revenue sources, many of which restrict spending to specific purposes. WDFW is primarily funded through user fees and reimbursable projects. State General Fund activities represent just 18% of the Department's authority. WDFW has been operating with a budget deficit, primarily within the non-restricted account of the State Wildlife Account. The Department had to make several changes to its budget in order to balance the account for the current biennium. The following chapter provides a brief trend analysis of financials for the Department, a discussion of the deficit, and potential strategies to mitigate the deficit going forward.

### 1. BUDGET AND REVENUE TREND OVERVIEW

In order to obtain a clearer understanding of the Department's funding shortfall, it is important to evaluate the trend of the Department's spending authority and funding sources. Spending Authority refers to the authorized budgeted expenditures for the Department for its different programs and accounts. Available funding for the department refers to State appropriations, federal and other grant revenue, reimbursable project work, and license and other fee revenue assessed to users of the Department's services.

The project team evaluated the Department's finances for the past ten years to obtain a clearer understanding of the major changes in the Department's authority and financial gaps. The data utilized in this section of the report was derived from Agency Financial Reporting System, Fund Balance Sheets, Expenditure Authority Schedule, the Control Authority Sheets, and the Budget Balancing Decision Model. The majority of this information is managed by staff in WDFW, with the exception of the Expenditure Authority Schedule for Operating Expenditures which is owned and updated by the Office of Financial Management and the Agency Financial Reporting System (AFRS) which is the statewide accounting application.

The following subsections discuss the overall spending authority, the overall funding for the Department, and the structural deficit associated with the State Wildlife Account.

#### (1) Budget Analysis by Program and Funding Source / Fund Group

The project team took the budget information and analyzed it based on the total authorized budget (known as Expenditure Control Authority) by Program and Fund group within the Department. This type of analysis provides a deeper insight into the major cost categories and drivers of expenses within WDFW. The following table shows for each of the three biennia, the total authorized operating budget by program.

**Table 2.1 Biennial Control Authority by Major Program Category**

Major Program	13-15BN	15-17BN	17-19BN
Business Services Program	\$53,592,748	\$61,531,729	\$61,363,026
Enforcement	\$42,038,518	\$43,578,162	\$43,733,408
Habitat	\$42,449,638	\$47,207,567	\$48,706,255
Wildlife	\$73,800,604	\$80,056,758	\$80,838,144
Fish	\$154,733,912	\$169,924,514	\$177,610,475
CAMP (Capital Asset Management Program)	\$8,087,259	\$12,497,895	\$11,745,633
Un-Allotted Agency Authority	\$15,926,868	\$10,675,375	\$13,663,060
<b>TOTAL</b>	<b>\$390,629,548</b>	<b>\$425,472,000</b>	<b>\$437,660,000</b>

Table 2.1 clearly shows that the largest program in terms of authorized expenses is the Fish Program. The Fish Program comprises on average 40% of the total budget for the Department. The next largest portion of the budget for the Department is Wildlife at 19% of total control authority. It is also interesting to note the significant increases in budget between the 13-15BN and the 15-17BN in all areas.

In order to get a better understanding of these programs, the project team broke the control authority out for each of these programs based on the fund type. The following table shows the 13-15BN, 15-17BN, and 17-19BN by fund.

**Table 2.2 Biennial Control Authority by Fund / Fund Group**

Fund	Fund Description	Fund Group	13-15BN	15-17BN	17-19BN
104	Wildlife (WLS) State Non-Restricted	Wildlife State Non-Restricted	\$75,021,542	\$82,272,582	\$83,014,430
104	WLS - Waterfowl Migratory Bird Stamp	Wildlife State Restricted	\$704,915	\$1,200,404	\$1,215,320
104	WLS - Auction/Raffle Fund Balance		\$1,468,691	\$1,652,425	\$1,694,810
104	WLS - WA Wildlife Plates (Bear, Deer, Elk)		\$654,980	\$521,291	\$529,200
104	WLS - Discover Pass		\$2,319,392	\$3,583,430	\$4,600,040
104	WLS - Wild on WA Plate (Eagle)		\$365,943	\$485,322	\$490,090
104	WLS - Firearm Permit		\$122,017	\$64,660	\$122,020
104	WLS - Nonwaterfowl Migratory Bird Stamp		\$49,253	\$38,857	\$40,860
104	WLS - Endangered Wildlife Plate (Orca)		\$291,270	\$383,036	\$403,050
104	WLS - Personalized Plates		\$6,980,866	\$7,054,395	\$7,587,280
104	WLS - Puget Sound Crab Endorsement		\$1,776,052	\$1,828,281	\$2,697,830
104	WLS - Puget Sound Derelict Gear		\$300,000	\$300,000	\$300,000
104	WLS - Two-Pole Fishing		\$570,160	\$1,650,575	\$2,061,150
104	WLS - Turkey Tag Mgmt		\$156,781	\$148,194	\$173,200
104	WLS - Turkey Tag Upland		\$251,105	\$85,667	\$110,670
104	WLS - Wild Transaction Fee		\$12,166,033	\$16,181,881	\$12,458,050
104	WLS - Watchable Wildlife Decals	\$5,000	\$5,000	\$5,000	
104	WLS - Steelhead Plates	\$-	\$-	\$530,000	
001	General Fund State	General Fund State	\$60,889,000	\$77,197,000	\$93,343,000
001	General Fund Federal	General Fund Federal	\$117,191,299	\$122,151,000	\$118,809,000

Fund	Fund Description	Fund Group	13-15BN	15-17BN	17-19BN
001	General Fund Private/Local	General Fund Private/Local	\$58,322,000	\$61,887,000	\$63,920,000
04M	Recreational Fisheries Enhancement Account	Other WDFW Managed Funds	\$2,609,000	\$2,997,000	\$3,084,000
071	Warm water Game Fish Account		\$2,490,000	\$2,538,000	\$2,773,000
07V	Enforcement Reward Account		\$1,068,640	\$446,140	\$447,140
07V	ERA - Hunter Ed		\$31,458	\$32,548	\$31,540
07V	ERA - Master Hunter		\$81,312	\$81,312	\$81,320
098	Eastern Washington Pheasant Enhancement Account		\$849,000	\$850,000	\$675,000
09J	Washington Coastal Crab Pot Buoy Tag Account		\$226,160	\$186,000	\$185,000
09N	Aquatic Invasive Species Prevention Account		\$761,000	\$778,000	\$-
110	Special Wildlife Account		\$6,339,000	\$5,818,000	\$4,152,000
12G	Rockfish Research Account		\$892,080	\$461,000	\$479,000
14A	Wildlife Rehabilitation Account		\$259,000	\$359,000	\$361,000
14G	Ballast Water Management Account		\$-	\$-	\$10,000
16H	Columbia River Salmon and Steelhead Pilot Stamp Program Account		\$3,953,790	\$3,779,000	\$3,948,000
18L	Hydraulic Project Approval Account		\$966,000	\$669,000	\$690,000
19W	Wolf-Livestock Conflict Account		\$150,000	\$100,000	\$100,000
200	Regional Enhancement Salmonid Recovery Account		\$5,001,000	\$5,001,000	\$5,001,000
209	Regional Fisheries Enhancement Account		\$2,519,000	\$2,458,000	\$2,033,000
21S	Aquatic Invasive Species Account		\$-	\$-	\$1,658,000
259	Coastal Crab Account		\$85,000	\$86,000	\$89,000
294	Sea Cucumber Dive Account	\$223,896	\$-	\$-	
295	Sea Urchin Dive Account	\$38,703	\$-	\$-	
320	Puget Sound Crab Account	\$60,120	\$52,000	\$57,000	
444	Fish and Wildlife Equipment Revolving Account	\$1,746,000	\$1,801,000	\$1,814,000	
507	Oyster Reserve Land Account	\$771,000	\$779,000	\$527,000	
01B	Off Road Vehicle Account	\$390,000	\$425,000	\$437,000	
02R	Aquatic Lands Enhancement Account	\$16,082,000	\$11,327,000	\$10,460,000	
05H	Emergence Disaster Response Account	\$-	\$642,000	\$-	
09M	Aquatic Invasive Species Enforcement Account	\$228,000	\$219,000	\$-	
108	Motor Vehicle Account	\$295,000	\$300,000	\$250,000	
14B	Budget Stabilization Account	\$771,000	\$155,000	\$-	
19G	Environmental Legacy Stewardship Account	\$1,224,000	\$2,814,000	\$2,765,000	
217	Oil Spill Prevention Account	\$912,000	\$1,075,000	\$1,122,000	
447	IT Investment Pool	\$-	\$552,000	\$-	
553	Performance Audits of Government Accounting	\$-	\$-	\$325,000	
<b>TOTAL</b>			<b>\$390,629,458</b>	<b>\$425,472,000</b>	<b>\$437,660,000</b>

Table 2.2 shows that the Department has approximately fifty-five (55) different funding sources. The largest funding source are the Federal Funds, which vary from being 27% of the overall funding (17-19BN) to 30% of the overall funding (13-15BN). The second largest source of funding is the State Wildlife Account, which comprises between 26% (13-15BN) and 28% (15-17BN) of the total control authority for the Department.

While there are significant funding sources available from these accounts, not all funding sources are the same. There is a spectrum of funding sources for the different accounts. Some funding sources are restricted whereas others are flexible / discretionary (unrestricted). Restricted funding sources refers to those types of revenue streams such as certain license permits that can only be used for activities identified and earmarked for those revenues. An example of this type of account is the WLS – Puget Sound Crab funding. Revenue is gathered from the sale of catch record cards carrying a Puget Sound Crab Endorsement (which is required to collect Dungeness crab in the Puget Sound) and deposited in the State Wildlife Account. Per the Revised Code of Washington (RCW 77.32.430), revenue from the sale of this endorsement may only be spent by the Department for activities related to Dungeness crab recreational fisheries. The Department tracks the revenue and subsequent expenditures of the Dungeness Crab Endorsements as a separate, restricted balance within the State Wildlife Account.

Unrestricted or flexible / discretionary funding sources enable the Department to utilize the funds based upon a needs assessment rather than specific activities that only benefit specific goals and user groups. WDFW's federal and private / local contracts also frequently require state provided match which is often provided by these flexible funds due to the limitations placed on the restricted and dedicated accounts. Examples of discretionary / flexible funds are the State General Fund and the State Wildlife Account.

## **(2) Primary Funding Source**

Similar to the budget analysis conducted by account or fund grouping, the project team also conducted an analysis of funding by major account / fund group. It is important to note that while some of these funding sources will be from the same fund (i.e. State Wildlife Account) they have been split apart to represent the difference between restricted and unrestricted revenue sources. The following table lists by major account / fund group the total control authority, the proportion of overall funding associated with that account, and a brief description of the funding source.

**Table 2.3: WDFW Primary Funding Sources**

Account / Fund Group	13-15BN Control Authority	15-17BN Control Authority	17-19BN Control Authority	Description / Comments
Wildlife Account, Non-Restricted	\$75,021,542 (19%)	\$82,272,582 (19%)	\$83,014,430 (19%)	Recreational fishing and hunting licenses, and interest generate the projected revenue for this portion of the Wildlife Account. Recreational license fee revenue is used to provide support to recreational angling and hunting opportunities. Commercial application fees support Licensing Division work related to processing commercial license applications.
Wildlife Account, Restricted	\$28,182,458 (7%)	\$35,183,418 (8%)	\$35,018,570 (8%)	Funding comes from 25 sources that support a variety of activities established by specific legislative actions. Examples of these activities include wildlife conservation (both non-game and game species), lands access, hunter education, and Puget Sound crab recreational opportunities. Spending is restricted to specific purposes. Consequently, the positive balances in most accounts are very limited in their ability to help the Department manage its overall budget problem.
General Fund, State	\$60,889,000 (16%)	\$77,197,000 (18%)	\$93,343,000 (21%)	Flexible funding that can be used to pay for any cost. Funds cannot be carried forward and must be expended in the fiscal year in which they are appropriated.
General Fund, Federal	\$117,191,299 (30%)	\$122,151,000 (29%)	\$118,809,000 (27%)	Funding in this account are associated with federal block grants and other reimbursable projects. These fund sources typically have contractual constraints on fundable activities, which limits the Departments flexibility.
General Fund, Private / Local	\$58,322,000 (15%)	\$61,887,000 (15%)	\$63,920,000 (15%)	Funding in this account is associated with reimbursable projects for private organizations and local government jurisdictions. As such, expenditures are restricted to the specific activities in the agreements with other organizations.
Other WDFW Managed Funding	\$31,121,249 (8%)	\$29,272,000 (7%)	\$28,196,000 (6%)	Various other sources from 20 separate accounts (including recreational endorsements and license fees) that support recreational opportunities and wildlife conservation. Examples of the activities these other sources support include purchasing of enforcement equipment, wolf management, aquatic invasive species management, wildlife rehabilitation centers, and Hydraulic Project Approval Permit application work.
Other Non-WDFW Managed Funding	\$19,902,000 (5%)	\$17,509,000 (4%)	\$15,359,000 (4%)	Other sources such as the Aquatic Lands Enhancement Account (which has been used to replace state general fund primarily in fish hatchery production). Off-Road Vehicle Account used to provide access and enforcement on wildlife areas. Environmental Legacy Stewardship Account also used to replace state general funding related to environmental protection. Motor Vehicle Account appropriated in the Transportation Budget to support the mapping and evaluation of fish passage barriers.
<b>Total</b>	<b>\$390,629,548</b>	<b>\$425,472,000</b>	<b>\$437,660,000</b>	

Table 2.3 clearly shows that there is a pattern of increasing control authority in most fund groups. The important distinction to make between these different fund groups is that the State Wildlife Account and Other WDFW Managed Funding are supported by licenses

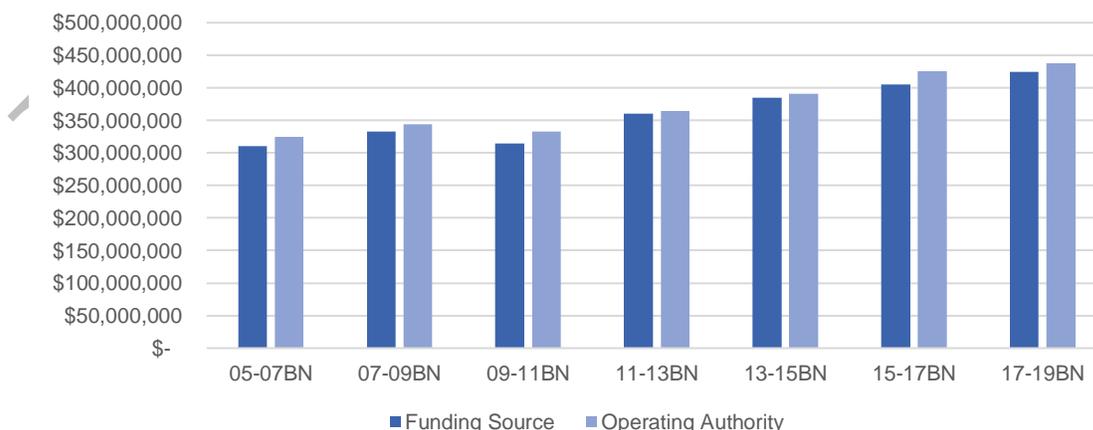
and other WDFW managed revenue, while General Fund State and Other Non-WDFW Managed Funding rely on taxes and other statewide fees and General Fund Federal and General Fund Private Local have revenue based on federal grants and contracts with local businesses and non-profits. Increases in General Fund State, General Fund Federal, General Fund Private/Local, and Other Non-WDFW Managed Funding, do not necessitate increases in WDFW license prices or other user fees. Increased authority in the State Wildlife Account or Other WDFW Managed Funding necessitate increased revenue gathered from license sales and other user fees in order to maintain a viable fund balance in those accounts.

Hunting and fishing license fees have not increased since the 2011-13 biennium, and revenue from these fees (the primary source of funding for the Non-Restricted portion of the State Wildlife Account) has remained fairly static. However, the Non-Restricted Wildlife State Account control authority has increased by \$12.2 million since the 11-13BN, as those are specified funding sources. Since the Department does not have the funding to support this authority, it must utilize fund balances and spending cuts, which impacts its ability to serve Washingtonians. The Non-Restricted State Wildlife account balance will be almost entirely spent by the end of the 17-19BN, and the Department will be forced to take much more significant reductions in the 19-21BN if a license fee bill cannot be passed or another funding source cannot be utilized.

### (3) Overall Budget and Funding Analysis

Based upon the operating authority information provided in the two previous subsections, the project team conducted an overall control authority and funding source analysis for WDFW. The following chart shows the comparison between the operating authority for WDFW against its funding sources for the 05-07BN, the 07-09BN, the 09-11BN, the 11-13BN, the 13-15BN, the 15-17BN, and the 17-19BN.

**Figure 2.1: Operating Control Authority and Funding Source by Biennium**



As Figure 2.1 indicates the operating control authority for the biennia is always a taller bar than the available funding bar. To further analyze the information in the chart the project team also presented the information in a tabular format, which lists the Operating Control Authority, the Funding Source, the Net Impact, and the overall cost recovery for

the Department.

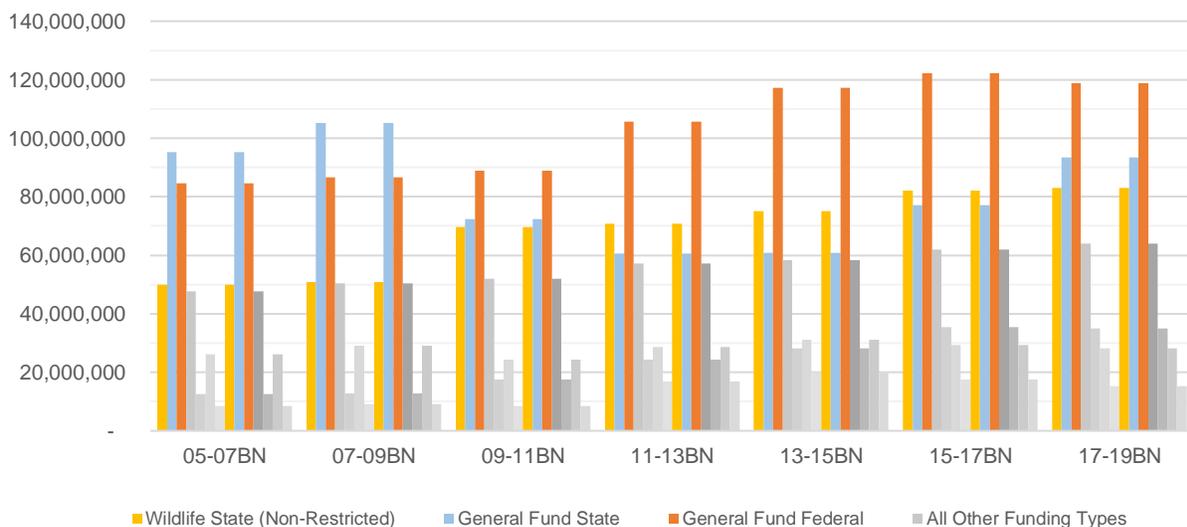
**Table 2.4: Operating Authority Net Impact by Biennium**

Biennium	Available Funds	Control Authority	Surplus / (Deficit)	Cost Recovery
05-07BN	\$310,830,895	\$324,606,580	\$(13,775,685)	96%
07-09BN	\$333,214,384	\$343,939,677	\$(10,725,293)	97%
09-11BN	\$314,083,483	\$332,940,534	\$(18,857,051)	94%
11-13BN	\$359,897,325	\$364,326,902	\$(4,429,577)	99%
13-15BN	\$384,749,616	\$390,629,548	\$(5,879,932)	98%
15-17BN	\$405,273,378	\$425,472,000	\$(20,198,622)	95%
17-19BN	\$423,981,918	\$437,660,000	\$(13,678,082)	97%

As Table 2.4 shows the total net impact for the Department varies from a low of \$4.4 million (which was immediately following the passage of license fee increases) to a high of \$20.2 million. This is a significant funding shortfall that has a dramatic negative impact on the Department’s ability to serve its constituents and fulfill its obligations to stakeholders.

In order to obtain a clearer understanding of this deficit the project team evaluated the change in the funding sources for the last ten years for the Department. The following chart shows the change in the funding source by biennium for WDFW.

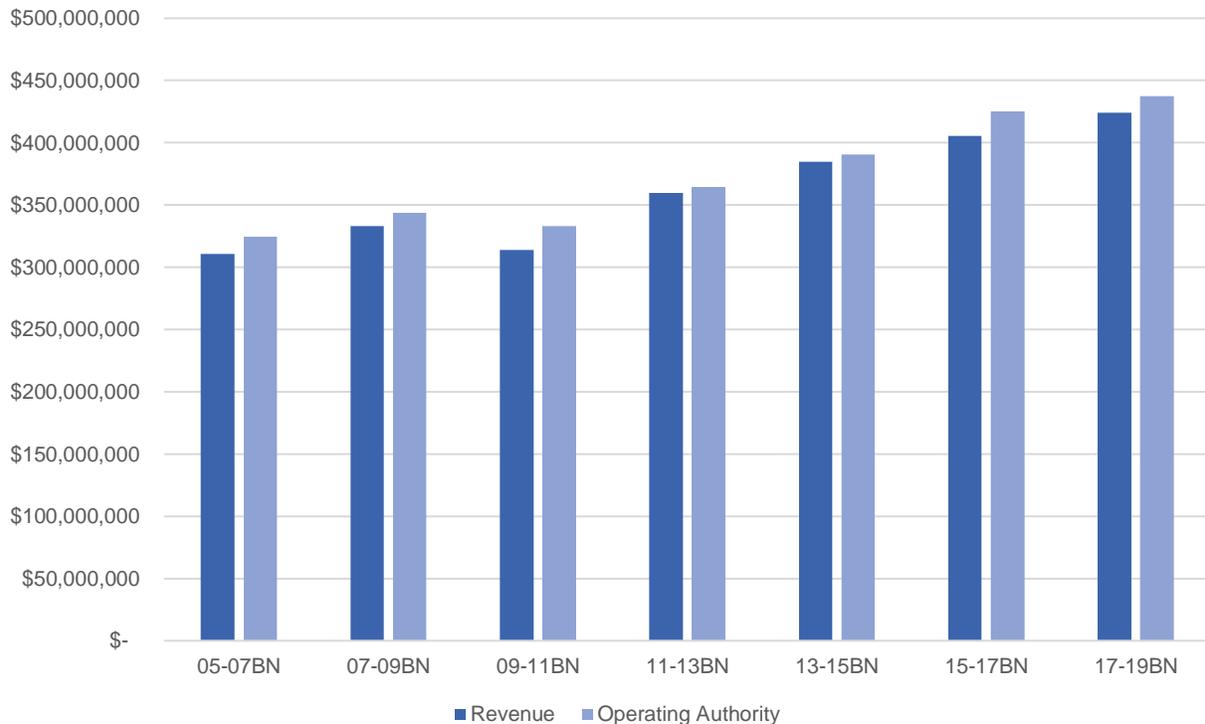
**Figure 2.1: Change in WDFW Funding Sources by Biennium**



As Figure 2.1 indicates there has been a significant change in funding sources over the last ten years. There has been a decline in reliance on the State General Fund and an increase in the reliance on the Federal General Fund. Additionally, there has been an increase in the reliance on the State Wildlife Account (non-restricted) after the recession in the 07-09 Biennium. Therefore, in order to evaluate the impact on the State Wildlife

Account (non-restricted) the project team compared the total of funding sources for that account to the total control authority for that account.

**Figure 2.2: Operating Authority and Revenue by Biennium for Wildlife Account (Non-Restricted)**



The chart illustrates the gap between control authority and funding (revenue) for the Wildlife State account, which started in the 15-17BN as the control authority exceeded the total of funding sources. To further quantify this problem, the following table shows control authority, revenues / funding source, net impact, and variance level by major budget category.

**Table 2.5: Net Impact by Biennium for Wildlife State Account (Non-Restricted)**

Biennium	Revenue	Control Authority	Surplus / (Deficit)	Cost Recovery
05-07BN	\$49,333,749	\$49,907,683	\$(573,934)	99%
07-09BN	\$54,038,869	\$50,819,327	\$3,219,542	106%
09-11BN	\$59,908,776	\$69,571,194	\$(9,662,418)	86%
11-13BN	\$73,252,624	\$70,815,416	\$2,437,208	103%
13-15BN	\$77,227,046	\$75,021,542	\$2,205,504	103%
15-17BN	\$74,251,487	\$82,022,582	\$(7,771,095)	91%
17-19BN	\$75,611,373	\$83,014,430	\$(7,403,057)	91%

Based on Table 2.5, it can be seen that the increased reliance on the State Wildlife Account (non-restricted) did not become an issue until the 15-17BN, the biennium in which there was a COLA increase that was not supported by any fee increases. Therefore, additional cuts and budget management strategies were required for the 17-19BN and will continue to be required in future biennia.

The essential challenge faced by WDFW is that costs are rising while growth in funding is not keeping pace in the State Wildlife Account (Non-Restricted). A variety of initiatives were used to balance the 2017-19 budget. Many of these initiatives were stop-gap in nature and are not suitable for sustaining the agency in the long-term. Thus, WDFW will need to secure new revenue or face significant reductions in the 2019-21 biennium.

## 2. ANALYSIS OF BUDGET DEFICIT

As can be seen through the analysis conducted in this chapter, that despite the actions taken by the Department to reduce actual spending, there is still insufficient revenue to cover the expenses for the Department.

WDFW's Central Budget Office began forecasting a budget deficit in the Wildlife State Account in 2013, with a budget request developed in summer of 2014 for the 2015 session. According to the Budget Office, the structural deficit in the Wildlife State Account was primarily due to maintaining fisheries under ESA requirements with increasing staff and supply costs, COLAs, and the authorization by the legislature of increased costs without accompanying fee increases. The following table shows only for the Non-Restricted portion of the Wildlife Account, the total revenues, the total operating authority, and the difference.

**Table 2.6: Operating Authority and Revenue (Funding) for Non-Restricted State Wildlife Account**

Category	13-15BN	15-17BN	17-19BN
Revenue (Funding)	\$77,227,046	\$74,251,487	\$75,611,373
Operating Authority	\$75,021,542	\$82,022,582	\$83,014,430
Surplus / (Deficit)	\$2,205,504	\$(7,771,095)	\$(7,403,057)
Cost Recovery Level	103%	91%	91%

As Table 2.6 demonstrates, for the State Wildlife Account, while in the 13-15BN, there was a positive net impact, starting in the 15-17BN and projected for the 17-19BN, there is a structural deficit varying between \$7.4 million to \$7.8 million. The project team delved into the primary causes of the structural deficit. The following points explain some of the key factors that resulted in increasing expenses, especially as it affected the State Wildlife Account.

- **Cost of living adjustments:** The Cost of Living Adjustments to the programs was the largest contributor of the structural deficit. There are two different factors that affected salary and benefit adjustments – a classification and compensation study and the cost of living adjustment approved by the legislature – that directly resulted in increased costs for the Department:
  - A classification and compensation study lead by the Governor's Human Resources Office resulted in cost of living increases to salaries and

benefits from the 2015-17 Biennium (4.8%) and targeted salary adjustments to many positions as there were no increases during the recession. COLA salary increases also raised benefit costs).

- The Governor's Office negotiated a 6% cost of living adjustment, over two years for 2017-19, in step increases for all state employees (2.0% in FY1, 2.0% in the first 6 months of FY2; and the remaining 2.0% in the last 6 months of FY2 for the 2017-19 Biennium) prior to the start of FY2017. These increases also raised benefit costs. This information came to State agencies after they had developed their budget requests for the 17-19BN in summer of 2016. Ultimately, the legislature authorized the classification adjustments in the last two biennial budgets.
- **No Changes in License Fees:** License fee increases and other revenue generating approaches were incorporated into the Department's requests, but not all of them were approved by the Legislature. Recreational license fee increases were not approved at all (other than an extension of the Columbia River Salmon and Steelhead Endorsement), while there was only a minimal increase approved for the commercial license fees. Not only did the legislature not approve some fee increases, but also the retention of revenue associated with fee increases is not always approved. Therefore, there were no revenue increases to offset the increases in costs related to personnel and as such this was the second largest contributing factor to the structural deficit for the State Wildlife Account.
- **Increased Requirements of Programs:** There were also increased costs related to complying with requirements related to the Endangered Species Act (ESA). These costs were included in requested legislation to increase license fees. This was a minimal factor in contributing to the structural deficit.
- **Approval of Additional Decision Packages:** Some new spending proposals (known as Decision Packages) in response to input WDFW received during stakeholder outreach meetings were adopted by the Legislature, which resulted in increased spending authority, without the necessary funding to offset those costs.

As the points above indicate there are a variety of elements that have impacted the Department's budget deficit. All of these elements ultimately increase the spending authority of the Department, without requiring the Department to only increase spending if there is an additional funding already in place to offset those increases. Therefore, the primary issue with the structural deficit stems from costs were increased without an associated increase in ability to generate revenue.

### 3. ACTIONS TAKEN TO ADDRESS THE BUDGET DEFICIT

Once the Legislature adopted the budget on June 30, 2017, the Department used a variety of strategies and actions to bring its budget into balance for the current biennium,

especially as it relates to the State Wildlife Account. The actions taken to address the shortfall in the Non-Restricted State Wildlife Account accounts are summarized in the following table:

**Table 2.7: Strategies for Addressing Deficit Shortfall in Wildlife Account**

Action	Amount
<b>Total Initial Operating Authority – 17-19BN</b>	<b>\$85,314,430</b>
Use of WLS-Restricted & Dedicated (One-Time)	\$2,300,000
<b>Allotted Operating Authority – 17-19BN</b>	<b>\$83,014,430</b>
Revenue Plus Fund Balance	\$80,896,680
<b>Initial Deficit</b>	<b>(\$2,117,750)</b>
One Month Working Capital Reserve	\$3,230,540
<b>Initial Deficit + Working Capital Reserve</b>	<b>(\$5,348,290)</b>
Operating Budget Enhancements	\$2,200,000
Management Reduction	\$338,000
<b>Total Deficit for State Wildlife Non-Restricted Funds</b>	<b>\$(7,886,290)</b>
One time General Fund Appropriation <sup>1</sup>	\$8,946,000
<b>Updated Funding Total</b>	<b>\$1,059,710</b>
Budget Additions related to program requirements	\$12,130,000
<b>New Balance</b>	<b>(\$11,070,290)</b>
Budget Reductions – cost savings	\$5,777,000
<b>New Balance</b>	<b>(\$5,293,290)</b>
Program Proportionate Admin Funding	\$1,057,460
Estimated Variance in Flexible Funds	\$4,500,000
<b>Total Projected Surplus / (Deficit)</b>	<b>\$264,170</b>

The Legislature appropriates control authority for the entire State Wildlife Account and the Department allocates this authority to its various sub-accounts based on established formulas and methodologies. Table 2.7 starts with the initial operating authority allocation of \$85.3 million to the non-restricted account. However, the Department realized that there was not enough funding (i.e. license and other fee revenue) available to support this level of expenditure. Consequently, the Department's first budget control action was to shift some employees (and related costs) engaged in non-restricted account activities to restricted accounts. This action resulted in the control authority for the non-restricted portion of the State Wildlife Account being reduced to \$83,014,430, which is the figure used throughout this report.

Overall, WDFW utilized a variety of strategies to address the budget shortfall, these included dipping into the fund balance, utilizing a one-time transfer, and being creative with budget cuts and use of alternative funding sources. The Department had limited options to balance the budget because of legislative direction to keep hatcheries open and avoid negative impacts to recreational fishing and hunting opportunities.

<sup>1</sup> The original one-time appropriation from the General Fund was for \$11.0 million. However, approximately \$2.0 million of those funds were transferred to other Department activities such as RFEG, Management, Wildlife Surveys, and Biodiversity to maintain those programs.

Employing the strategies listed in Table 2.7 results in a projected surplus of \$264,000. This represents approximately 0.32% of the overall spending authority for the non-restricted State Wildlife Account, and therefore is within the margin of error associated with rounding errors.

The approach used by the EMT to arrive at a balanced budget was highly inclusive and involved dozens of internal meetings between the Executive Management Team, Programs, and the Central Budget Office. The Department also has developed an interactive budget calculator that will enable it to update a variety of cost additions and reductions and see the impact on the overall budget based upon different funding.

Based upon the project team's analysis the Department's budget problem solving process and results were both appropriate and effective in addressing the situation.

#### **4. SUMMARY OF ADDITIONAL STRATEGIES TO MITIGATE BUDGET DEFICITS**

The project team has validated that a structural deficit (gap between spending authority and revenues) exists in the State Wildlife Account. This deficit is concentrated in the non-restricted account within the Wildlife Account. However, the Department is forecasting some restricted accounts developing deficits as well.

The principal cause of the deficits within the Wildlife Account is that costs are increasing at a faster pace than revenues. The main cause of cost increases are salary adjustments through the collective bargaining agreements to some under paid job classifications and across the board cost of living increases last biennium, as well as additional cost of living increases approved for the current biennium. Since the Wildlife Account is primarily financed through the sale of hunting and fishing licenses as well as associated fees, these revenue sources cannot remain static while costs increase.

The actions taken at the start of this biennium to balance the budget were mostly one-time, stop-gap, and, therefore, not sustainable, especially the one-time supplement from the General Fund. The Department needs to develop strategies to ensure the long-term health of the State Wildlife Account. These may include:

- Request that the Legislature raise licenses and other Department fees to pay for inflationary increases to agency operating costs with the support of license buyers. Consider utilizing a phased approach for fee increases to limit the issues and difficulties associated with significant fee hikes and increases.
- Request that the Legislature include and adopt language that allows automatic inflationary increases in fees for WDFW to match spending authority. It is a best management practice to conduct comprehensive fee updates every 3-5 years in an agency. However, in the interim, it is a best management practice to approve built in fee increases to allow for gradual fee increases that enable the agency to remain at status quo for cost recovery levels. These inflationary increases should

at a minimum include salary adjustments, to enable the Department to continuously finance those increases through the use of fee-revenue. During the next fee increase hearing, instead of asking for substantial fee increases, the agency should ask the legislature to approve interim increases for 3-5 years until the next comprehensive fee update. Since increases in license costs and other fees are directly tied to salary COLAs negotiated with collective bargaining units, approved by the Governor and Legislature, and included in the final budget, these increases are easier to explain to elected officials and the public.

- Separate the Non-Restricted and Restricted accounts within the Wildlife Account into separate funds to enhance clarity in budget balancing decisions. This action will enable the Department to better explain to the Legislature and stakeholders that fee revenue collected for specific restricted purposes are being spent appropriately and not available to fund general Wildlife Account activities. Additionally, it will also highlight any structural deficit issues immediately as instead of there being one amount for Account 104, there will be two different amounts approved one for Account 104 and one for Account 104–Non-Restricted. This will enable the Department internally to not have to separate those accounts and have a fixed starting point for both types of funding.
- Work with the Legislature and stakeholders to explain the complexities inherent in the Department’s budget by mapping revenue directly to program activities; and explaining the consequences that rising costs not backed by revenue will have on service levels. For example, the Legislature adopted decision packages without any corresponding revenue increases.
- Improve the budget process to ensure that any new expenditure requests coming from WDFW are accompanied not only by an explanation of the need for the increase in spending authority, but also of possible revenue sources in addition to State General Fund to offset those requests.
- Ensure that administrative costs associated with the management of the department are appropriately allocated across all funds and accounts through the use of an internal full cost allocation plan. The full cost allocation plan should be reviewed and updated annually to confirm that divisions, programs, and any and all contracted services are paying for their fair share of administrative costs.
- Identify the revenue collected from commercial licenses and request the legislature to retain 100% of those revenues to make those programs full cost recovery. Full cost recovery for these licenses includes covering the costs associated with direct staff processing and issuing licenses as well as the indirect costs associated with oversight of the staff processing those licenses as well as Department management associated with those programs. This will ensure that license revenue is being used to affect the services being received by the license holders.

Implementing these strategies and measures will help the Department achieve its goals

of developing a zero-based budget, as well as identify issues and concerns with the budget early in the process of budget development.

The project team also collected information from its comparative survey efforts to determine how other Fish & Wildlife Agencies across the country were dealing with structural deficits. Some strategies applied and by which agency are presented in the following points:

- Increasing Hunting & Fishing Licenses Fees – Oregon Fish & Wildlife, Minnesota Fish & Wildlife
- Requested the creation of a dedicated Conservation Fund funded through an income tax surcharge – Oregon Fish & Wildlife – not yet approved by Legislature
- Linked annual increases in license fees to inflation – Oregon Fish & Wildlife
- Developed an internal strategic planning process for “compassionate contraction” or reduction and realignment of staffing levels through transfers & retirements – Minnesota Fish & Wildlife

As the points above illustrate that the primary mechanism used by the other agencies was increases in licensing revenue to help offset the structural deficit issues.

While the primary focus of the budget deficit and analysis has been the Wildlife Account, the strategies discussed in this section of the report, are applicable to all WDFW programs and funds. It is imperative that the Department continuously reevaluate its internal efficiencies, as well as discuss measures for cost containment strategies.

Recommendation: WDFW Central Budget Office should at a minimum implement the following measures to help address structural deficits in the future:

- Develop and propose a phased approach to fee increases to the Legislature to help balance the Wildlife fund.
- Request the Legislature to adopt language allowing for annual increases to fees based on a cost factor (Cost of Living Adjustment or Consumer Price Index) as this is a best management practice.
- Identify programs that are strictly restricted revenue programs and balance those programs to their revenue sources.
- Clarify the budget process, including explaining to legislators the consequences of approving or requesting new activities with no funding.

- Ensure all administrative costs are appropriately calculated and charged to all funding sources through a cost allocation plan to effectively recapture costs of providing administrative services.
- Request the Legislature to allow the Department to retain 100% of commercial license and related fees to support the direct and indirect operations associated with those programs.

These strategies will help address the funding shortfalls, by focusing on increasing revenue streams, as well as ensuring a closer match between program spending and revenue generation.

DRAFT

### 3. Management Structure and Decision-Making

This chapter assesses the current management and operations of the WDFW, including organizational structure, roles and responsibilities, and operations.

For this analysis, the project team examined current structure, responsibilities, decision-making, communications, planning and performance reporting at the WDFW. The project team evaluated these to identify strengths and weaknesses of the current approaches, as well as areas where these approaches deviate from accepted best practices.

The project team also conducted a review of Fish and Wildlife Agencies in other states. The organizations reviewed were: the Arizona Fish and Game Department, Florida's Fish and Wildlife Commission, Minnesota's Department of Natural Resources, the Missouri Department of Conservation, and Oregon's Department of Fish and Wildlife. These comparable agencies were selected by the Department for their comparable size, service area, organizational structure, or other characteristics. While each agency has unique characteristics, the project team was able to identify model practices as well as innovative approaches that helped inform our recommendations for the WDFW.

Based on our review of existing operations, best management practices, and other agencies we present key recommendations for improvements to WDFW's management and operations.

#### A. Oversight and Leadership

The following section focuses on the Department's oversight and leadership, specifically the roles played by the commission and the membership of the executive management team.

##### 1. FINDINGS AND ISSUES AT WDFW

The WDFW is overseen by a volunteer nine-member commission, appointed by the governor with the senate's approval. Commission members serve six-year terms and are tasked with developing and approving policy direction for the agency, approve budget requests for the Office of Financial Management, ensuring the policies and initiatives established by the Commission are enacted by the Department, classifying fish and wildlife within the State, and setting the rules when fishing, hunting, or otherwise engaging with fish and wildlife in the state.

The Commission receives its authority from the passage of Referendum 45 by the 1995 Legislature and public at the 1995 general election. The Commission is the supervising authority for the Department. With the 1994 merger of the former Departments of Fisheries and Wildlife, the Commission has comprehensive species authority as well.

Washington statute RCW 77.04.055 outline the duties of the Washington Fish and Wildlife Commission as the following key duties:

- (1) In establishing policies to preserve, protect, and perpetuate wildlife, fish, and wildlife and fish habitat, the commission shall meet annually with the governor to:
  - (a) Review and prescribe basic goals and objectives related to those policies; and
  - (b) Review the performance of the department in implementing fish and wildlife policies.The commission shall maximize fishing, hunting, and outdoor recreational opportunities compatible with healthy and diverse fish and wildlife populations.
- (2) The commission shall establish hunting, trapping, and fishing seasons and prescribe the time, place, manner, and methods that may be used to harvest or enjoy game fish and wildlife.
- (3) The commission shall establish provisions regulating food fish and shellfish as provided in RCW 77.12.047.
- (4) The commission shall have final approval authority for tribal, interstate, international, and any other department agreements relating to fish and wildlife.
- (5) The commission shall adopt rules to implement the state's fish and wildlife laws.
- (6) The commission shall have final approval authority for the department's budget proposals.
- (7) The commission shall select its own staff and shall appoint the director of the department. The director and commission staff shall serve at the pleasure of the commission.

In evaluating the operations of the Commission, it was found that the Commission spends the majority of time focused on the policy aspects of the assigned duties including establishing policies, procedures, agreements, and rule making activities. However, the Commission's oversight and involvement in overseeing administrative functions, including budget establishment, strategic planning, and evaluation of operations and the Director are not given sufficient time.

The Department's Executive Management Team (EMT) consists of the Director, Policy Director, Deputy Director, six Assistant Directors, and six Regional Directors. These fifteen staff are responsible for meeting to discuss the Department's operations, policies, budget, and any other challenges or important information relevant to the leadership team.

## **2. REVIEW OF OTHER STATE AGENCIES' MANAGEMENT AND GOVERNANCE**

Of the other agencies studied, four have a commission structure similar to that of WDFW. Minnesota's Department of Resources instead has an executive director appointed by the governor. (While the executive is known as a commissioner, this is a salaried, management position similar to that of agency director.) The table below outlines the statutory responsibilities of the agencies' commissions.

State	Commission Description and Responsibilities
<b>Arizona</b>	<ul style="list-style-type: none"> <li>• 5 commissioners</li> <li>• Appointed by the Governor.</li> <li>• Commission must approve budget, hunting seasons and guidelines, agreements with entities that are new to the Department.</li> <li>• Internal policies handled by the Director, external and public-facing policies by the Commission.</li> <li>• Commission can set changes to fees.</li> </ul>
<b>Florida</b>	<ul style="list-style-type: none"> <li>• 7 commissioners</li> <li>• Appointed by the Governor and confirmed by the Florida Senate to five-year terms.</li> <li>• Regulatory and executive powers "with respect to wild animal life and fresh water aquatic life and ... with respect to marine life, except that all license fees and penalties for violating regulations shall be as provided by law."</li> </ul>
<b>Minnesota</b>	<ul style="list-style-type: none"> <li>• Single executive (known as commissioner), appointed by the Governor.</li> <li>• Broad authority over Department policy and operations.</li> </ul>
<b>Missouri</b>	<ul style="list-style-type: none"> <li>• 4 commissioners</li> <li>• Appointed by the Governor.</li> <li>• Commissioners responsibilities include: appointing a director of the Department; serving as the Department's policy makers; approving Wildlife Code regulations; strategic planning; budget development and major expenditure decisions.</li> </ul>
<b>Oregon</b>	<ul style="list-style-type: none"> <li>• 7 commissioners</li> <li>• Appointed by the Governor</li> <li>• Commissioners formulate general state programs and policies concerning management and conservation of fish and wildlife resources and establishes seasons, methods and bag limits for recreational and commercial take.</li> </ul>
<b>WDFW</b>	<ul style="list-style-type: none"> <li>• 9 commissioners</li> <li>• Appointed by the Governor with Senate Approval</li> <li>• Develop and approve policy direction for the agency, approve budget requests for the Office of Financial Management, ensure the policies and initiatives established by the Commission are enacted by the Department, classify fish and wildlife within the State, set rules for fishing, hunting, or otherwise engaging with fish and wildlife in the State.</li> </ul>

A review of commission meetings agendas shows a relatively consistent approach to commission meetings in the different agencies. Agenda items include public hearings for rule-makings or regulatory changes, regular financial reports, and budget reports. In

some cases, the commission is also tasked with revoking hunting or fishing privileges due to violations.

All of the agencies studied have a management team that meets regularly to identify and address key issues that cross departmental lines.

### 3. BUDGET PROCESSES IN OTHER STATES.

There is considerable variation in other state fish and wildlife agencies in terms of the budget process, public involvement, and financial challenges facing the agencies. The table below provides a comparative high-level overview of the budget processes in the different state agencies.

WDFW	Arizona Game and Fish Dept.	Florida FWC Commission	Minnesota Dept. of Natural Resources	Missouri Dept. of Conservation	Oregon Dept. of Fish and Wildlife
<p>Programs develop request packages, which the central budget office refines.</p> <p>EMT meets to discuss packages and prioritize.</p> <p>Budget request goes to Commission, then Governor's Office, then legislature.</p> <p>Budget decision is handed down and the CBO divides among programs by fund.</p> <p>Programs further subdivide allotments to create their spending plan.</p>	<p>Biennial budget.</p> <p>Executive team meets with budget staff to develop projections and a request for the commission.</p> <p>Work with the governor's office and legislature to get their budget request approved for appropriated funds.</p>	<p>Budgets developed by divisions with oversight by budget analysts.</p> <p>Executive director presents budget request to the legislature.</p> <p>Budget approval is part of the state budget process, with departmental budget as one element.</p>	<p>Legislature sets base budget dollar amounts.</p> <p>Division budgets are vetted at the division level, brought up at commissioner's office. Budgets submitted to governor's office once approved by commissioner.</p> <p>3 citizen oversight committees, one for fish, one for wildlife, and one for the fish and wildlife fund. Ensure compliance with funding restrictions and act as advocates for the functions.</p> <p>Fish and wildlife funding shortfall avoided by approval of significant fee increase; agency currently involved in strategic planning effort to address future potential shortfalls.</p>	<p>Dedicated sales tax allocation provides some revenue stability.</p> <p>State legislative approval is considered pro-forma. All budget development and vetting done at the agency level.</p> <p>Implementing new performance-based budgeting process, tied to strategic planning, goals and priorities, and performance measurement.</p>	<p>Biennial budget.</p> <p>40 + person external budget advisory committee (representatives include hunting groups, environmental groups, fisheries, farming and timber groups, etc.) and 8 town hall meetings throughout the state to review budget.</p> <p>Budget is developed by the Agency, approved by the Commission, and submitted to the legislature.</p> <p>2016 – State task force to identify funding solutions given declining revenues from licenses. Task force recommendations not implemented but may set the stage for future changes.</p>

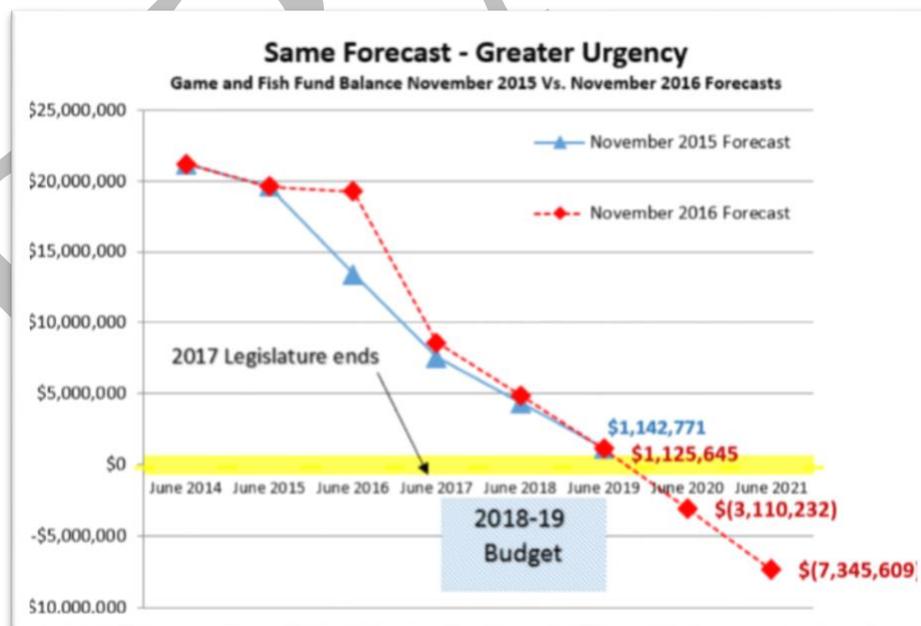
Oregon and Minnesota in particular have confronted structural budget shortfalls in at least some funds.

The State of Oregon compiled a legislative task force to identify funding solutions given budget pressures due to declining participation in hunting and fishing and increasing costs. The task force recommended:

- Creating an Oregon Conservation Fund funded by an income tax surcharge and wholesale beverage surcharge.
- Eliminating some proposed license fees increases (high license fees were seen as a deterrent to participation in hunting and fishing) but linking license fees to inflation.
- Dedicating the new Conservation Fund the fund to expanded conservation and other programs efforts as well as to address the agency's budgetary issues.

The legislature has not acted on the task force's recommendations, although it did approve an increase in hunting and fishing license fees as a temporary measure to address funding shortfalls. The agency hopes that the work done by the task force has laid the groundwork for future discussions on budget.

Minnesota was facing depletion of the agency's game and fish fund by 2019, as illustrated in the graph provided by the agency. The legislature approved significant increases in various license fees to head off the crisis, but the agency has also started an internal strategic planning process to look at "compassionate contraction" (reduction and realignment of staffing levels if possible through retirements and transfers).



Notably, while Missouri does not currently face major fiscal constraints, the agency's director is overseeing a stringent new budget process aimed at ensuring that expenditures are aligned with the agency's and public's current priorities.

#### 4. CONCLUSIONS AND RECOMMENDATIONS

The Commission must take a more active role in overseeing WDFW through the following activities:

- **Strategic Planning:** The Department should be commended for the establishment of a strategic planning document that is designed to provide a high-level target and prioritization of key initiatives and goals. However, the Commission's role in establishing the strategic plan has been minimal. Their involvement has historically been one of approval once it is nearly completed rather than actual involvement in the establishment of the document. Since the strategic plan should be a foundational document that guides operations and priorities of the Agency, the Commission should be more active in the development of this plan.
- **Budget Development:** The Commission's role in developing the Department's budget request has been minimal in recent years. They have had limited input and discussion regarding budgets during the development phase and have approved the budgets presented to them with little in-depth discussion or evaluation. Given the current financial issues present in the Department, the Commission should be more active in the development of the proposed budget. Given the limited number of Commission meetings, this may best be done through the establishment of a dedicated Budget Subcommittee of the Commission members.
- **Budget Oversight:** The Commission should ensure that it is provided a written budget report, showing projected and actual expenditures and revenues, at each Commission meeting. Major deviations from the planned budget should be highlighted with a narrative explanation provided, and where necessary, action steps identified for how the Department will address the deviations.
- **Evaluation of the Director:** The Commission should ensure that it conducts annual evaluations of the Director in a timely and consistent manner. This is critical to ensuring that the Director has feedback regarding his/her performance and alignment with the policy goals of the Commission. Previously, the Director was evaluated annually, and more recently, has shifted to a biennial evaluation period. The last evaluation occurred in June 2015. In June 2017, the Director briefed the

Commission on his performance for the 2015-17BN, and the Commission is still in the midst of an evaluation and setting a Performance Agreement for SFY 2018.

The Commission may need to allocate additional time at their monthly meetings in order to accommodate the additional duties outlined above.

The current makeup of the EMT is appropriate; it includes enough staff to ensure that each program and region are represented, without becoming excessive. The size of the EMT was recently trimmed to 15, whereas it once was larger and included Deputy Assistant Directors and other special assistants. While the EMT is still large, it only includes one representative from each of the programs, and one from each of the regions. This makeup has the capacity to function well as a leadership and decision-making body, and the Department should maintain its current number of members.

While the EMT is a reasonable size currently, there are four staff who should make appearances when topics impacting their staff are under discussion: the Chief Information Officer; Chief Financial Officer; Human Resources Director; and Budget Officer. These staff oversee organizational units which are affected by every decision the Department makes and are asked to serve as partners and support staff for the Department's endeavors. They also have a unique perspective on the topics discussed by the EMT because they deeply understand the administrative implications of the Department's initiatives. While they do not need to be a formal part of the decision-making body, they should attend meetings to provide their opinions on topics of discussion relevant to their organizational units.

**Recommendation:** The Commission should take a more active role in overseeing the Department and conducting administrative duties assigned to it such as: participating in the development of the Department strategic plan; evaluation of the Director; and development, approval and oversight of the Department budget.

**Recommendation:** The Department should maintain the current number of members on the EMT, while the Chief Information Officer, Chief Financial Officer, Human Resources Director, and Budget Officer should attend when topics relevant to their divisions are under discussion.

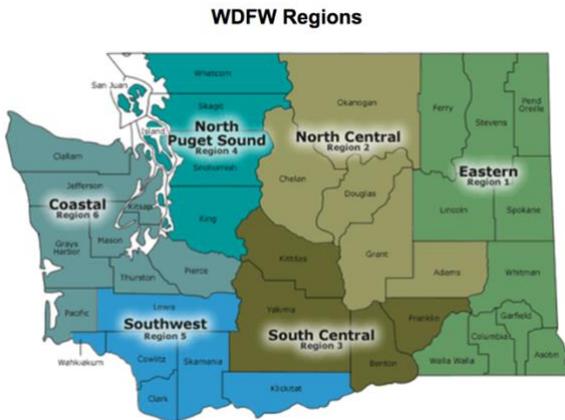
## **B. Organization and Management**

This section addresses the organizational structure and management processes of the Department, including Program and Regional reporting relationships, organizational structure and span of control, and methods of internal communication.

## 1. ORGANIZATION AND MANAGEMENT FINDINGS AT WDFW

The Department operates six programs: Technology and Financial Management; Capital and Asset Management; Fish; Wildlife; Habitat; and Enforcement. These six programs

operate under the Deputy Director, but many of the staff for the six programs, especially those in the Wildlife, Fish, Habitat, and Enforcement programs, operate in the field rather than in Olympia. They work in one of six regions around the state each of which has a regional office, where the Regional Director is located. The Regional Directors report to the Director’s Office, while program staff in each region report to the program manager for their region, who reports to deputy assistant director of their program.



The program staff in the regions do not report to the Regional Director. Regional Directors serve as the representative for the Director’s Office in the regions, represent regional interests to the executive management team, and informally help to coordinate the efforts of the various programs in their region. They also coordinate WDFW activities with tribes and local governments, and they serve as the point of contact and Departmental authority for regional issues.

The following table shows the number of staff assigned to each region, according to the State of Washington OFM website:

Location	Employee Count	Percentage
Region 1	152	8.0%
Region 2	197	10.4%
Region 3	126	6.6%
Region 4	209	11.0%
Region 5	241	12.7%
Region 6	249	13.1%
Olympia/Thurston County	719	37.9%
Unallocated	3	0.2%
<b>TOTAL</b>	<b>1,896</b>	<b>100.0%</b>

The number of reporting relationships appear to be appropriate, without many excessive groupings. The Director oversees the Regional Directors, administrative assistants, and

two special assistants, as well as the Deputy Director to manage operations and the Policy Director to oversee legislation, public outreach, and strategic planning and process improvement. The Deputy Director in turn oversees each of the six Assistant Directors, the Human Resources Manager, and a handful of special assistants. The recent consolidation of policy-related functions under a Policy Director ensured that the number of reports to the Director could be reduced to a more manageable number, and it also provided a clear point of leadership for the Department's outward-facing activities such as legislative support and press releases. The existing structure provides the benefit of mostly grouping similar functions together (each of the Regional Directors reports to the Director, and each of the operational divisions reports to the Deputy Director) while maintaining a reasonable span of control.

In terms of communication, the Department's responsibilities are widespread across a variety of work types, funding sources, and geographic locations. The organizational units depend on each other, however, for vital information in order to coordinate efforts efficiently and reduce confusion or surprises. Because of the varied nature of the work performed by the Department, this requires a concerted effort. Currently, there are good examples of internal communication occurring at every level of the organization:

- Regional Directors meet regularly with their regional management team to discuss local issues which may impact the Department and synchronize program efforts, where possible, across the region.
- Assistant Directors meet with their policy area leads and deputy assistants to stay apprised of new developments within their program area, refine program-specific policy, plan for implementation at the regional level, and convey instructions from the Director's office.
- The Executive Management Team meets to finalize budget requests, approve initiatives, and discuss Department-wide issues. This team includes representatives from each organizational unit.
- The Department utilizes district teams composed of staff from each program that are assigned a smaller geographic area than the region (i.e., the six regions are divided into total of 17 districts). The district team serve as "interdisciplinary teams" to coordinate on conservation efforts at the watershed and district level.

These efforts help to ensure that lines of communication remain open and management processes are unhindered by the geographical distance between operating staff.

## 2. REVIEW OF OTHER STATE AGENCIES' ORGANIZATIONAL STRUCTURE AND GOVERNANCE

The other state-wide fish and wildlife studies vary considerably in structures for oversight.

State	Appointed Oversight	Executive	Administrative Support	Divisions	Regional Offices
<b>Arizona</b>	9 Member Commission	Agency Director and Deputy Director	HR, Funds and Planning, and Rules & Risk Management branches report to Director.	Special Services; Wildlife Management; Information & Education; Field Operations	6 regional offices
<b>Florida</b>	5 Member Commission	Executive Director, Chief Financial Officer	Offices report to Executive Director: Finance and Budget, IT, Strategic Initiatives, Legal, Human Resources, Community Relations, Licenses and Permitting, Legislative Affairs, Inspector General	Law Enforcement; Marine Fisheries; Freshwater Fisheries Management; Hunting and Game Management; Habitat and Species Conservation; Fish and Wildlife Research	5 regional offices 76 field offices and facilities
<b>Minnesota</b>	No commission	Commissioner and Deputy Commissioner	Separate Operations Support Division Includes: Community and Outreach; Capital Investment & Property; Human Resources; Chief Financial Officer; Internal Audit.  IT provided by state IT agency (MINNIT)	Forestry; Lands; Parks and trails; Fish and wildlife; Ecological and water resources; Enforcement; Operational support	4 regional offices

State	Appointed Oversight	Executive	Administrative Support	Divisions	Regional Offices
Missouri	4 Member Conservation Commission	Executive Director	Deputy Director for Administration oversees: Administrative Services Division; Outreach and Education Division; and Human Resources Division	Fisheries; Protection; Science; Wildlife; Private Lands; Forestry	6 regional offices
Oregon	7 Member commission	Executive Director	Separate Administrative Programs Division	State Police Fish and Wildlife Division; Fish and Wildlife Programs Division; Administrative Programs Divisions	4 regional offices 10 district offices
WDFW	9 member commission	Department Director, Policy Director, and Deputy Director		Fish; Wildlife; Habitat; Enforcement; Financial Services; Enforcement	6 regional offices

All agencies have one or more central division or department responsible for administrative functions (such as IT, HR, finance, and procurement). In Minnesota, all Information Technology staff are actually employees of the state's IT department (MNIT), although some of the staff are physically located in operational departments or regional offices. Florida is relatively decentralized, with HR and IT staff residing in divisions rather than a centralized function.

There does not appear to be one ideal model for provision of administrative services, with both more and less centralized models working effectively. That said, all agencies pointed to the importance of having consistent policies and central oversight to ensure that these policies are being applied across the board.

All agencies described some challenges related to oversight of regional offices, in particular with employees from a number of different departments working together in a regional office. The typical structure in these agencies, as with WDFW, is to have reporting relationships based on department program, not region. One innovative approach in Missouri is to create teams in each region, known as “regional conservation teams” made up of staff from each division: forestry, lands, parks and trails, fish and wildlife, ecological and water resources and enforcement. Leadership of these teams rotates among the divisions every three years. WDFW has a comparable team structure through its Regional Management Teams and district teams. In Arizona, by contrast, regional offices are run as “mini-headquarters” with programmatic staff in the regions reporting to the regional supervisor.

The project team was asked to examine WDFW’s decision-making, including the levels at which actions may be taken. For WDFW, these are spelled out in Policy 1004, which provides a detailed business action authority matrix, as well as a set of conditions under which authority may be delegated to a more junior manager or employee. These policies cover: personnel decisions, leave approvals, IT purchases, public works contracts, other contracts, and payments.

The state Department of Ecology has a similar matrix covering similar areas of authority, and the state Parks and Recreation and Department of Natural Resources address authority levels in a number of different memoranda and policy documents.

Based on the agencies studied, there do not appear to be consistent policies across Washington state agencies approval authorities or how these authorities are delegated and tracked. In general, the authority levels spelled out in Policy 1004 do not appear to be out of line with those in similar organizations.

The scope of project team’s review did not include an audit of administrative decision-making, but interviews did identify some issues with inconsistent decision-making in different divisions of the organization, as well as in regional offices. For example, employees reported in interviews inconsistency regarding:

- Processes for purchasing goods and services
- Criteria for setting budget priorities
- Decisions related to the deployment and use of technology
- Use of performance evaluations

These issues do not necessarily necessitate less delegation of authority, but do mean that the agency needs to have clearer policies and more consistent oversight to ensure that these are being followed.

**Recommendation: All administrative divisions should ensure that policies are clear and promote consistency across the agency. There should be review and compliance mechanisms in place to ensure that policies are being followed at all levels of the organization.**

### 3. CONCLUSIONS AND RECOMMENDATIONS

The following subsections outline the project team's conclusions regarding each of the primary areas explored and present the related recommendations.

#### (1) Regional Structure

The location of program staff in regional offices around the state is clearly necessary for the type of work performed by the Department. And, the Department's chosen reporting structure which places the chain of command within the program areas rather than the regional offices has its merits. Because such a large portion of the Department's funding comes from sources which are tied to a specific program area, the staff from different programs within a region are very often funded by entirely different revenue sources. They also have different mandates and different scientific or enforcement backgrounds, which means that the operational and staffing needs across all regions within a particular program are usually more similar than the needs across all programs within a particular region. In addition to this, the organizational structure by program rather than region is common in other agencies surveyed. In Florida and Minnesota, for example, staff located throughout the state each report ultimately to the director of their division, not to a regional supervisor who oversees the other programs' staff.

In order for this arrangement to work, however, two key factors must be in place.

- First, the Assistant Directors of each program must be familiar with the regional dynamic as it affects their program, so that they can make appropriate personnel decisions, establish priorities, and effectively oversee operations.
- Likewise, the Regional Directors must be familiar enough with each of the programs' overall strategy and their impact on the region to foster communication between the program managers, find opportunities for streamlining of operations, and effectively advocate for the region to the Assistant Director of each program.

In the project team's time on site and conversations with staff in regional offices, program leadership roles, and the Director's Office, it appears that these factors are present, and that the existing approach meets the needs of the Department. This is largely due to a commitment on their part to conducting regular meetings with the local program

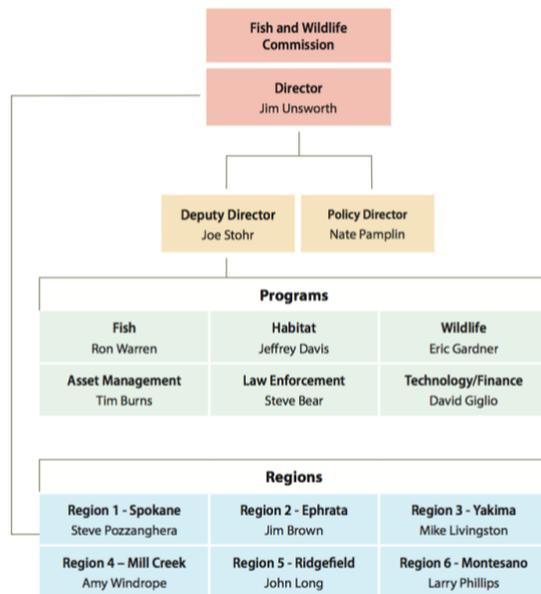
managers, maintaining contact and coordination with Assistant Directors, and keeping a close eye on the issues affecting their region. It can also be attributed to the program managers' willingness in each region to cooperate with the managers of other programs and take constructive input from Regional Directors regarding the priorities of the Director's Office.

With this in mind, there is still room for Regional Directors to play a larger role in the Department's strategic planning process. Because the EMT's decisions need to reflect an understanding of regional needs and conditions and because the Department's work on conservation issues is place-based, the Regional Directors are in position to provide direction to the leadership body and ensure that Department policy accounts for regional differences. More concretely, the Regional Directors should contribute a portion of the Department's strategic plan for each biennium, writing a section which describes the challenges facing their region as part of the framing context for the plan's goals, objectives, and strategies.

**Recommendation:** The Regional Directors should play an active role in strategic planning by writing a section of the framing context for the document.

## **(2) Organizational Structure and Span of Control**

The Director oversees the Regional Directors, administrative assistants, and two special assistants, as well as the Deputy Director to manage operations and the Policy Director to oversee legislation, public outreach, and strategic planning and process improvements. The Deputy Director in turn oversees each of the six Assistant Directors, the Human Resources Manager, and a handful of special assistants. The consolidation of policy-related functions under a Policy Director ensured that the number of reports to the Director could be reduced to a more manageable number, and it also provided a clear point of leadership for the Department's outward-facing activities such as legislative support and press releases. The existing structure provides the benefit of mostly grouping similar functions together (each of the Regional Directors reports to the Director, and each of the operational divisions reports to the Deputy Director) while maintaining a reasonable span of control. A review of spans of control within WDFW did not identify any consistent areas where spans of control were out of alignment with expected practices or levels seen in other comparable entities; however, there were individual cases where spans were very narrow or wide.



The organizational structure in its current state does come with some drawbacks. While similar functions are mostly grouped, financial and administrative staff (known as the Technology and Financial Management group, or TFM) report through the Assistant Director of Financial Services, who reports to the Deputy Director along with the Assistant Directors over the other program areas. This means that the Deputy Director is tasked with overseeing operational divisions as well as administrative teams. It also means that the leads for administrative functions (the CIO, the CFO, the Budget Officer, etc. fall three layers below the

director on the organizational chart. The exception to this is the Human Resources Director, who is not grouped with the TFM unit, but reports directly to the Deputy Director.

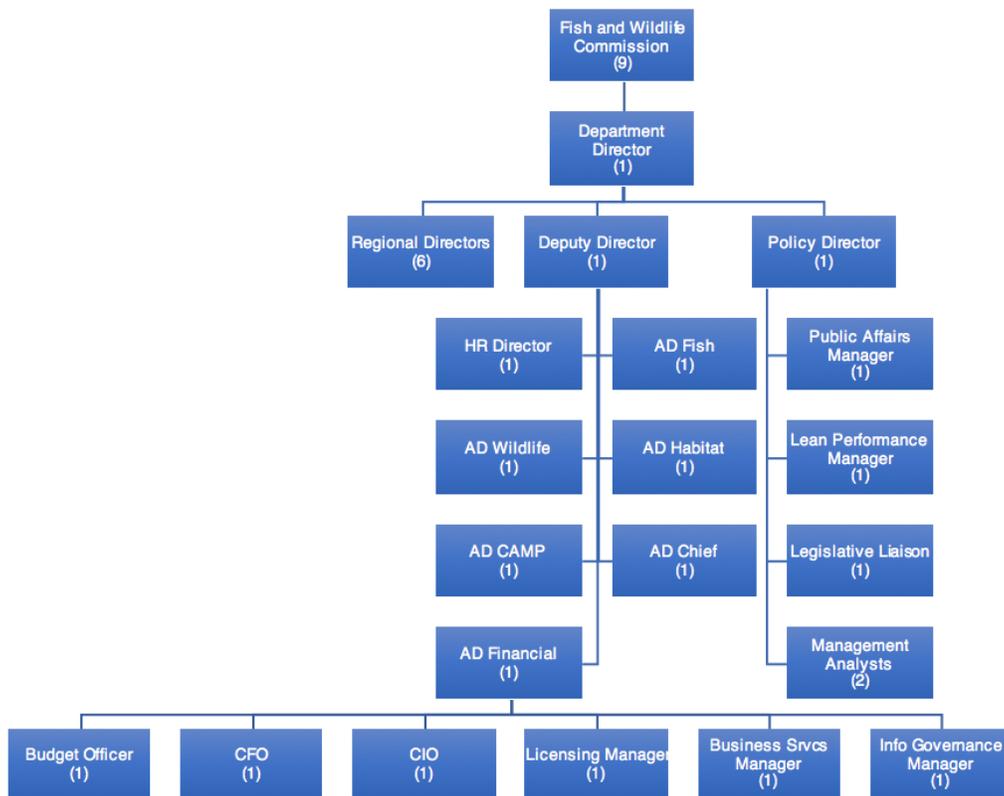
Many of the issues currently faced by the Department have to do with the synchronization of operations and decision-making between operational and administrative units of the organization. The Department has struggled at times to provide programs with needed technology, coordinate and provide transparency to the budgeting process across the programs, and address concerns related to human resources strategy and personnel classification. In order to focus the appropriate level of attention on these functions and allow them to better operate as partners of the Department's operations and policy arms, the Department should make the following changes:

- The Assistant Director of Financial Services should report directly to the Director. The position should be renamed "Administrative Services Director" and placed on par with the existing Policy Director. Alternatively, the position could be established as a second Deputy Director position. If this approach were taken, there would be one Deputy Director overseeing operations and one Deputy Director overseeing administrative functions.
- The Human Resources Director should join the Budget Officer, Chief Financial Officer, Chief Information Officer, Licensing Manager, Business Services Manager, and Information Governance Manager in reporting to the Administrative Services Director (or the new Deputy Director if the alternative is implemented). As

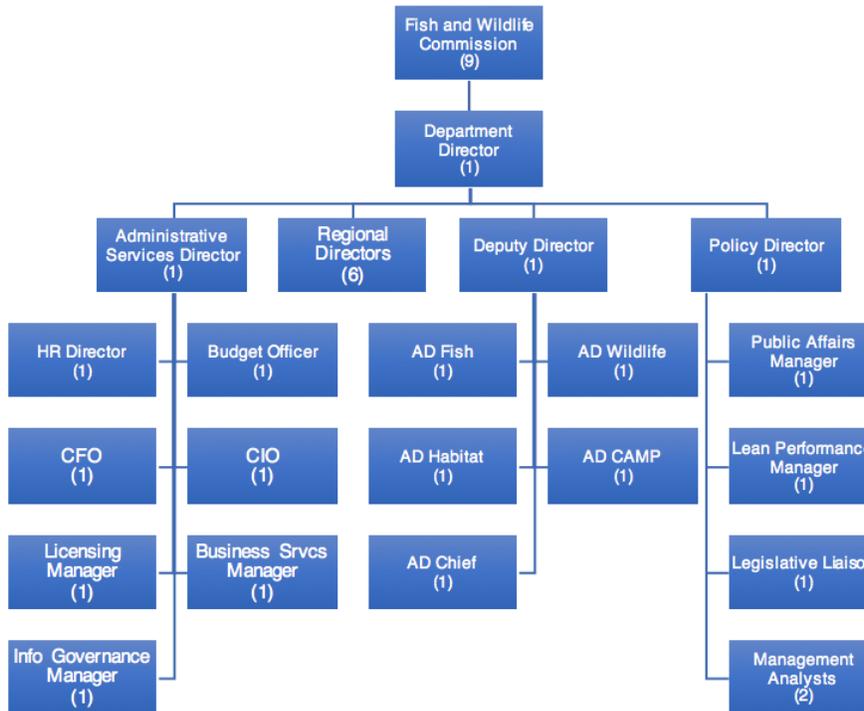
stated previously, the Chief Information Officer, Chief Financial Officer, Human Resources Director, and Budget Officer should attend EMT meetings when topics relevant to their staff are under discussion.

This new arrangement will have the Director overseeing a Policy Director, Deputy Director, and Administrative Services Director (ASD) – or the second Deputy Director position. It will allow the existing Deputy Director position to focus more directly on the five remaining operational program areas. It will also increase the level of focus and attention dedicated to the vital administrative areas of technology, human resources, finance, and budgeting. The EMT will not grow or shrink as a result of this change. The following depict the existing and proposed organizational structures for WDFW:

**Current Structure**



### Proposed Structure



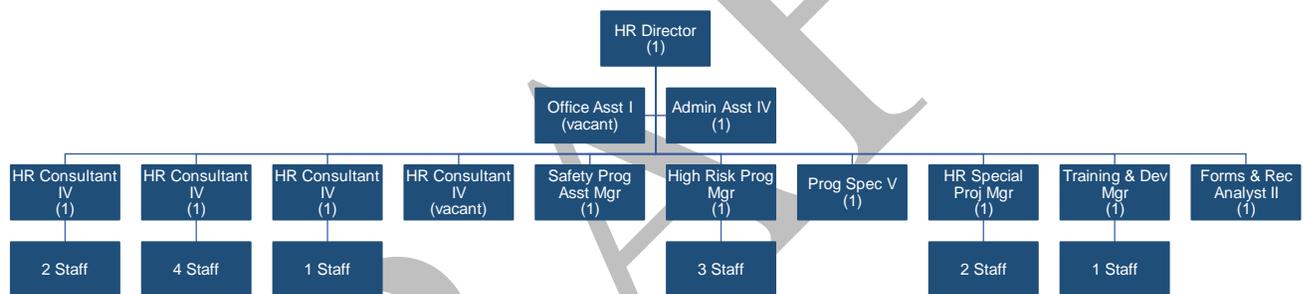
Other state fish and wildlife agencies have a similar structure where the individual supervising administrative functions reports directly to the Director:

State	Organizational Structure for Administrative Oversight
<b>Minnesota</b>	Fish and Wildlife is just one of the programs in the Department of Natural Resources. The DNR Commissioner (Director) oversees an Operations Services Director, who manages the Chief Financial Officer, Human Resources, and Communications & Outreach.
<b>Missouri</b>	The Director oversees an Assistant Director and two Deputy Directors. The Assistant Director oversees policy coordination and governmental liaison. One Deputy Director handles the field divisions of Fisheries, Protection, Wildlife, Science, and Forestry, while the other handles the administrative divisions of Administrative Services, Human Resources, and Outreach & Education.
<b>Oregon</b>	The Director oversees two Deputy Directors. One of them manages the Fish Division, Wildlife Division, and regional offices; the other manages Administrative Services, Human Resources, Information Systems, and Information & Education.

In addition to these changes, the number of direct reports in the Human Resources unit should be reduced. Currently, the organization is very flat, with twelve staff reporting to the Human Resources Director (see below). A number of consolidations could occur to make this possible:

- The risk management and workers' compensation functions could be grouped under a single manager reporting to the HR Director.
- The safety and ADA accessibility programs could be grouped under a single manager reporting to the HR Director.
- The HR generalists supporting the program areas in personnel matters like recruitment, discipline, employee evaluations, and employee classification could be grouped (which would help to maintain consistency in their operating practices), along with the volunteer program, under a single manager reporting to the HR Director.

### WDFW Human Resources Org Chart



Given the strategic challenges facing the Department in terms of diversity, data management, and other areas, the HR Director should be able to spend the bulk of their time leading through strategic planning and policy-setting, rather than managing operational staff.

**Recommendation:** The current Assistant Director of Financial Services should **become the “Administrative Service Director” and report to the Director.** Alternatively, a second Deputy Director position should be established for oversight of Administrations.

**Recommendation:** The Human Resources Director should report to the new Administrative Services Director / Deputy Director position.

**Recommendation:** The number of direct reports for the Human Resource Director should be reduced to eight or fewer.

### (3) Internal Decision-Making and Communication

In the field, staff are often responsible for making decisions independently. For example, they may obligate regional Department staff to secure vault toilets at an access site. This decentralized action model enables the Department to take advantage of opportunities and secure funding that might not otherwise be available without the on-the-ground perspective of staff. However, these actions have impact on other parts of the organization. Securing the toilets at an access site, for example, requires staff time and clarity about which organizational unit will pay for it. When field staff take action, there must be a procedure for ensuring that the appropriate parties are informed (and have the chance to advise or approve/disapprove) of the action. This could be a field checklist for staff to consider before making monetary decision, or a requirement to report non-routine activity to the Regional Program Manager.

Communication between regional offices relies on video conferencing, phone, and email. While some regions have new and updated video conferencing equipment, some regions lag behind. This makes communication more difficult because the video and audio quality is poor, and also because the equipment used in each region is not uniform, which means there is limited compatibility between them. To resolve this, each region should have the same type of video conferencing tools, ideally by the same manufacturer, so that they will be fully compatible with each other and with Olympia.

At the EMT level, decision-making can be difficult because of the many different opinions. To make sure that this large and diverse body produces clear communication, the management analyst keeping minutes for the meeting should record decisions made at each EMT meeting and circulate them as an electronic memo to staff in all divisions who report to a member of the EMT. EMT members could also distribute it to any of their staff as they deem appropriate. This will ensure that the organizational units impacted by the EMT's decisions will be kept informed of the body's actions, and it will eliminate any need to reiterate discussions which have already been held by formalizing a record of decisions made. The memo, which could be called a "resolutions memo" or "commitments memo", should be circulated shortly after the meeting. While the members of the EMT already take steps to communicate with their staff, this small formal measure will help ensure that information from EMT is circulated more completely. It takes very little time to accomplish after each meeting, and the procedure for completing it can be improved quickly from month to month as staff gain experience.

**Recommendation:** The Department should implement a procedural checklist and point of contact for field staff when taking actions with a financial impact on the Department.

Recommendation: The videoconferencing tools in each region should be standardized.

Recommendation: A memo of decisions and commitments made during EMT meetings should be circulated to staff to ensure that all actions on the part of the body are clear and the leadership of each organizational unit are made aware of them.

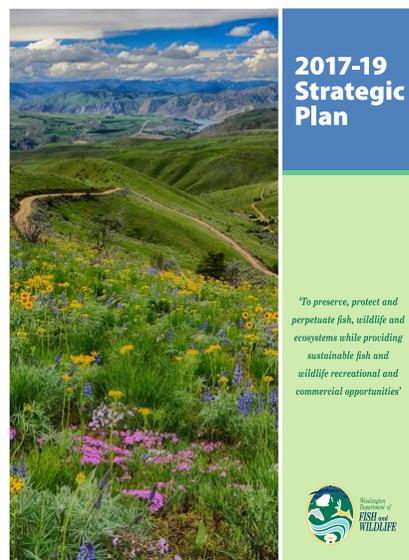
## C. Strategic Planning

The following section explores opportunities for improvement in the Department's strategic planning process.

### 1. STRATEGIC PLANNING AT WDFW

Every two years, the Department publishes a strategic plan to outline its goals and objectives for the coming biennium. Strategic planning is a vital tool for distilling the vision, mission, and values of an organization into actionable goals and performance measures, and this exercise is especially valuable for an organization as financially, geographically, and programmatically diverse as WDFW.

The strategic plan should direct the focus of the Department as a whole and give shape to the activities of the various programs encompassed within the organization, tying them together in the pursuit of a unified vision. In the 2015-17 version, each of the Department's four goals were supported by a set of objectives and a series of related initiatives. These provided a measure of clarity on how the Department could progress toward the goal and more detail on specifically what steps the organization had committed to take in pursuit of the goal. In the more recent 2017-19 strategic plan, however, the initiatives supporting each goal and its objectives have been temporarily eliminated and replaced by the State Legislative Directives contained in the Department's proviso. Aside from the Strategic Plan, the Department produces other documents which are impactful for setting priorities and driving action on the part of program staff:



- The Director's Performance Agreement outlines a set of deliverables for each biennium which are tied to one of the Department's four goals and the corresponding strategies for that goal. These deliverables are reported upon at the conclusion of each biennium.
- The business plans published by each of the Divisions use the Department's goals and the strategies set forth in the Director's Performance Agreement to focus on particular initiatives that are important for their respective programs.

Because the Department's best planning and goal-setting work is not taking place in the context of the strategic plan, it lacks an empirical understanding of progress on some of its most important goals, and it struggles to tell its story to the public.

## **2. STRATEGIC PLANNING AT OTHER STATE AGENCIES**

A comparison to the strategic planning documents of comparable agencies in other states can be used to identify the strengths and weaknesses of the Department's own strategic plan. The following elements of the plan are similar to those found in other such documents:

- The WDFW Strategic Plan lists the six Conservation Principles which the Department uses to set priorities. These are found in other states' agencies, although they may be called guiding principles or core competencies.
- The WDFW Strategic Plan lists four overarching goals for the Department, and it identifies a set of objectives within each of those goals. The 2015-17 version of the strategic plan also included initiatives to support each of the Department's goals. These elements are common to the strategic plan documents of other organizations.

All of the agencies studied have some type of strategic planning process, and include some elements that could be used in Washington to enhance their strategic planning activities.

- The plan published by the Minnesota Department of Natural Resources provides context to their goals and objectives by outlining the strategic challenges that their departments face, and identifying relevant trends in their state related to hunting/fishing/recreation.

- The Florida Fish and Wildlife Conservation Commission’s plans link the activities of their department to the states priorities of the state’s Governor.
- The Arizona Game and Fish Department’s plan support the agency’s high-level goals, objectives, and initiatives with concrete strategies and action steps that serve to direct the Department’s activities toward accomplishing the strategic goals.
- Other strategic plans, including as the one published by the Florida FWC Commission, provide a series of performance measures which will be used to gauge the agency’s progress toward achieving its goals and make decisions about resource allocation in the future.

### 3. STRATEGIC PLANNING RECOMMENDATIONS

In order for the Department’s Strategic Plan to form the basis for action, the document should be expanded and changed so that its content and development process reflect the realities faced by the Department. Four key changes can be made to this effect.

**First**, the strategic plan should incorporate concrete strategies and action steps which the Department will take in pursuit of its goals. Similar to the strategic plan documents published by other states’ fish and wildlife agencies, the organization’s large-scale objectives should be supported with clearly defined activities and milestones. This change will ensure that each of the plan’s goals is clear enough to act upon, and that some of the action to be taken is made clear.

**Second**, the strategic plan’s goals and objectives should also be supported by performance measures which can easily be tracked and reported upon, and which are indicative of the Department’s success in progressing toward the stated goal. Incorporating performance measures will ensure that staff remains accountable for the progress made toward stated goals, and it will prevent the Department from losing focus or straying away from the intent of the plan’s goals. This topic is explored more in the discussion of performance management in Section D of this chapter.

Examples of these first two changes from the strategic plans of two other state agencies can be seen in the table below.

	Minnesota	Arizona
<b>Goal</b>	Expand hunter recruitment and retention.	Enhance aquatic habitat ecosystems.

	Minnesota	Arizona
<b>Action Steps</b>	<p>Promote innovative hunter recruitment approaches, such as “Learn to Hunt Whitetail Deer,” a program aimed at urban adults with little or no hunting experience and an interest in local, sustainable food.</p> <p>Promote the DNR’s rearms safety and hunter education outreach to Minnesota’s Hispanic community.</p> <p>Invest in shooting range development and rehabilitation to increase access to and participation in shooting sports, especially among youth.</p>	<p>Implement aquatic habitat improvement projects.</p> <p>Implement new eradication, containment and prevention projects for undesirable and/or invasive species.</p> <p>Implement priority actions in conservation agreements, management plans and statewide wildlife action plan strategies.</p> <p>Continue development and enhancement of comprehensive aquatic wildlife databases.</p>
<b>Performance Measures</b>	<p>Number of participants in special youth hunts.</p> <p>Number of youth license sales .</p>	<p>Acres or miles of aquatic habitat improved.</p> <p>Population status of ESA listed, Candidate or priority SGCN species.</p>

**Third**, the strategic plan should outline the trends in the Department’s line of business and the strategic challenges facing the Department. These trends and challenges should provide context for the strategic plan; the goals and objectives should be developed in response to the conditions faced by the Department. The challenges and trends should incorporate the perspective of each of the program areas, and each of the geographical regions. The input of Assistant Directors and Regional Directors should be sought and used to develop the plan’s goals. The role of Regional Directors in this step is explored further in Section B of this chapter.

**Fourth**, the strategic plan should be developed using the input of the public, key stakeholder and advisory groups, and the Department’s tribal co-managers. While the Department has made some effort to incorporate the feedback from stakeholder groups (through the Wild Future initiative, for example), this ongoing dialogue between the Department and the public it serves should provide much of the basis for the goals outlined in the strategic plan. The Department’s efforts to solicit external engagement are addressed in Section E of this chapter.

These changes will fundamentally change the nature of the strategic plan by transforming it from a broadly descriptive publication to a detailed, instructive document shaped by the actual needs of the public and the current climate faced by the Department. With this transformation, it can be used as a tool for prioritizing resources, driving action on the part of the divisions, demonstrating a listening ear to stakeholders, and monitoring progress toward the Department's goals across each program area and geographic region.

Recommendation: The strategic plan should incorporate concrete strategies and action steps in support of its stated goals and objectives.

**Recommendation: The strategic plan's goals and objectives should be supported** by performance measures which can be tracked and reported upon.

Recommendation: The strategic plan should outline the trends and challenges facing the Department in each of its program areas and geographical regions.

Recommendation: The strategic plan should be developed using input from the **Department's stakeholders and** tribal co-managers.

## D. Performance Measurement and Evaluation

The following section focuses on opportunities to enhance the Department's performance measurement and evaluation efforts.

### 1. PERFORMANCE MEASUREMENT AT WDFW

As stated in the previous section of this chapter, performance measures lend concreteness to Department goals and ensure that the organization remains accountable for them.

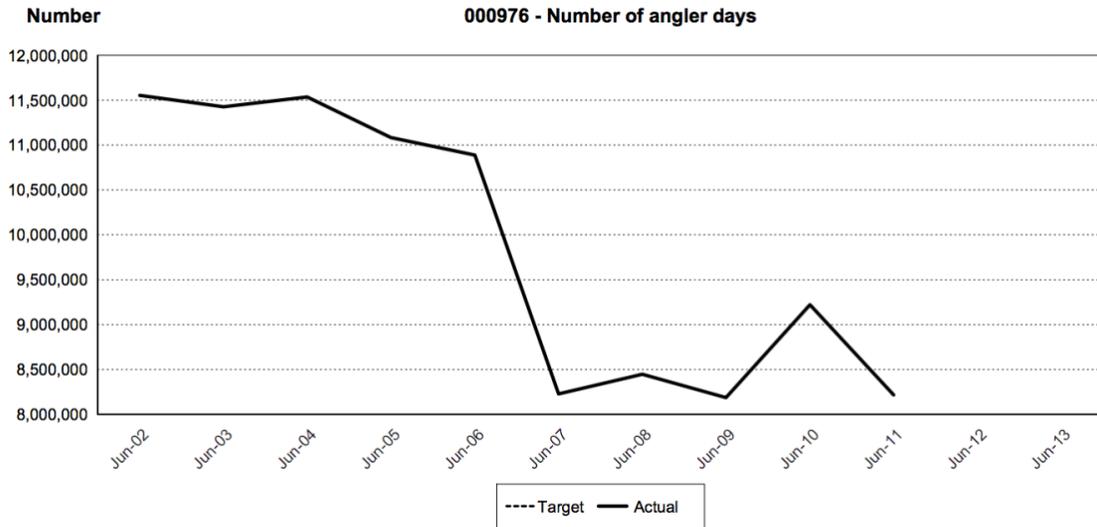
The Department has a significant role to play in meeting key measures of the Governor's **Results Washington** program, a performance accountability initiative with quantifiable goals aiming to make government in Washington more effective, efficient, and customer focused. This includes education, economic growth, health and safety, and the environment (which includes fish and wildlife). Some of the related objectives for the Department are shown below: Some of the related objectives for the department include:

- Increasing improved shellfish classification acreage in the Puget Sound to a net increase of 10800 harvestable shellfish acres between 2007 and 2020.

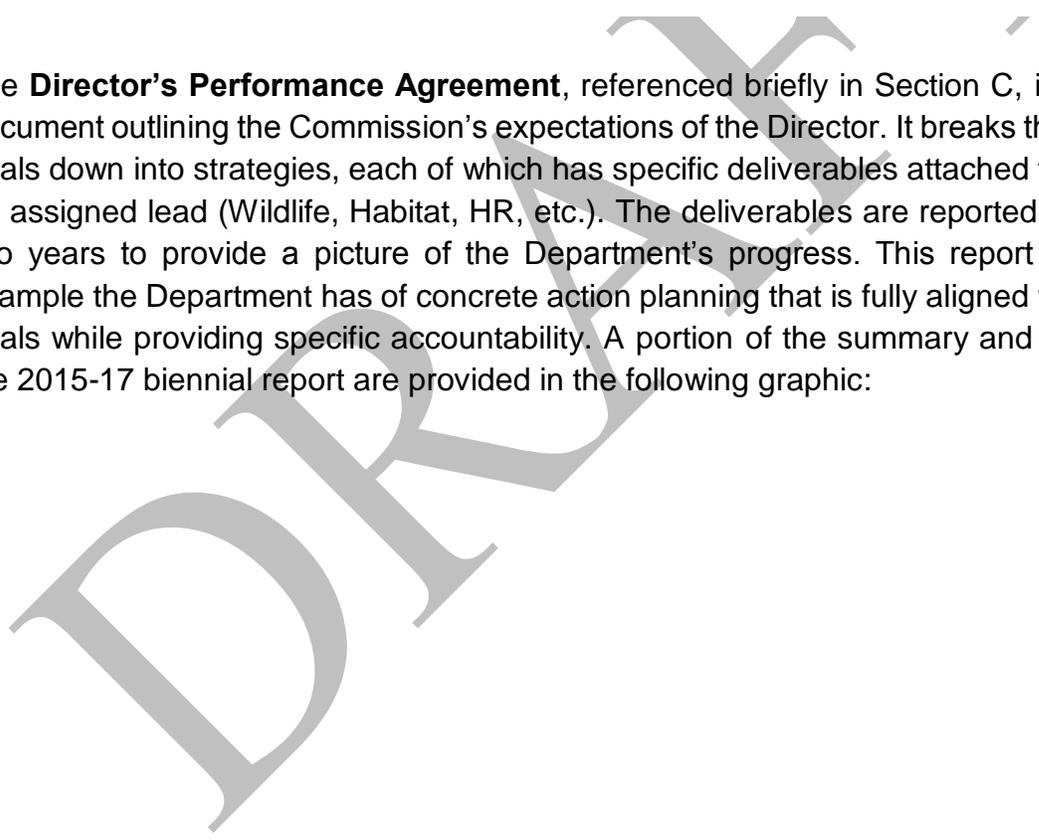
- Increasing the percentage of ESA listed salmon and steelhead populations at healthy, sustainable levels from 16% to 25% by 2022.
- Increasing the percentage of current state listed species recovering from 28% to 35% by 2020.
- Increasing access to public recreation lands by increasing the number of Discovery Passes and daily permits from 927,838 in 2016 to 984,773 by FY 2020.
- Increasing the number of hunting and fishing licenses issued to 2,256,746 by June 2020.
- Increasing the hydraulic project approval compliance rate to 90% by 2016.
- Reducing the Puget Sound marine and freshwater riparian habitat annual conversion rate to 0.10% by 2016.
- Increasing Washington State as an employer of choice from 63% to 66% by January 2017 (relevant for all departments).

In addition to the Results Washington measures exemplified above, the Department's reporting on timeliness measures for core functions is also tracked by the State. Like most other state departments, reports timeliness measures for 100% of its core services to the State.

The Department's **Agency Activity Inventory** is a biennial report produced by the Office of Financial Management which summarizes the activities of each budgeted agency within Washington state government. Individual activity descriptions tell the nature of the service, the expected results, and how the activity was funded in the enacted 2015-17 budget. Some measures (like the number of recreational angler days per year) are well-defined, while others are less so.



The **Director’s Performance Agreement**, referenced briefly in Section C, is a biennial document outlining the Commission’s expectations of the Director. It breaks the Agency’s goals down into strategies, each of which has specific deliverables attached to them and an assigned lead (Wildlife, Habitat, HR, etc.). The deliverables are reported upon every two years to provide a picture of the Department’s progress. This report is the best example the Department has of concrete action planning that is fully aligned with agency goals while providing specific accountability. A portion of the summary and the body of the 2015-17 biennial report are provided in the following graphic:



<b>Directors Performance Agreement: Summary of 2015 – 2017 DPA deliverables</b>		
<b>Agency Strategy</b>	<b>Deliverable for 2015-17</b> 82% <b>Completed/On Track</b> 4% <b>Nearing Achievement</b> 14% <b>Making Progress</b>	<b>Status</b>
Implement Wolf Conservation and Management Plan to recover wolves while addressing wolf-livestock and wolf-ungulate conflicts.	1. Provide technical assistance and pursue cost-share agreements with livestock operators to avoid and minimize wolf-livestock conflicts.	Achieved
	2. Utilizing Wolf Advisory Group, amend the 2011 Wolf Conservation and Management Plan. Incorporate latest science on wolf population dynamics and wolf-ungulate interactions.	Making Progress
Implement actions to reduce risks to native salmon and steelhead from operating hatcheries.	3. Implement improved brood stock management for hatchery programs consistent with the goal of achieving the Hatchery Scientific Review Group (HSRG) brood stock standards for all hatchery programs by 2015.	On Track
	4. Work with National Oceanic and Atmospheric Administration (NOAA) and tribal co-managers to evaluate and approve HGMP's for all state salmon and steelhead hatcheries.	Making Progress

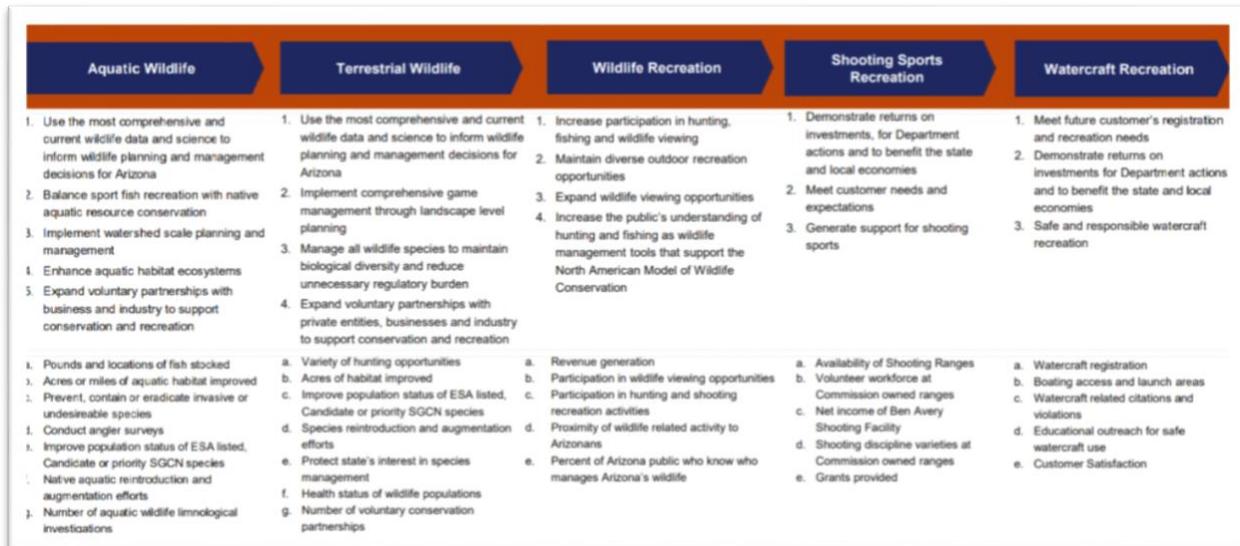
<b>Goal 4: Build an effective and efficient organization by supporting our workforce, improving business processes, and investing in technology.</b>		
<b>Agency Strategy</b>	<b>Deliverable for 2015-17</b>	<b>Lead</b>
Increase workforce satisfaction and productivity by investing in a comprehensive agency training program and career development process.	<ol style="list-style-type: none"> <li>1. Address issues raised as a result of employee survey, including develop a Department training and career development program that improves employee knowledge, skills, and abilities and supports succession within the Department.               <ol style="list-style-type: none"> <li>a. The Department has completed the training of all existing 500+ supervisors across the agency and training new supervisors within the first few months of their supervisory appointment.</li> <li>b. As a next step, the HR Office has developed and is providing a Leadership 2 class that, while not mandatory, is open to all staff.</li> <li>c. In addition, a Leading with Integrity class is now being offered.</li> </ol> </li> </ol>	Dep Dir

In addition to these measures, other partners of the Department such as the Governor's Salmon Recovery Office and the Puget Sound Partnership gather metrics for their report cards, many of which overlap with the Department's mission.

## **2. PERFORMANCE MEASUREMENT AT OTHER AGENCIES**

All of the other state agencies studied have performance metrics that are posted on their web site and monitored by the department. Most also have metrics used by individual departments to track progress on a programmatic level.

The below (partial) graphic from Arizona’s Department of Fish and Wildlife shows how the agency ties together the organization’s broad strategic goals with performance targets and then performance metrics.



Florida’s Fish and Wildlife Commission has detailed performance metrics and tracks actual performance against targets in its long-range plan. The Commission uses a best practices approach of linking goals, objectives, and outcomes and then measuring outcomes to track these against targets. Below is an excerpt from the agency’s long-range plan:

**GOAL: TO PROVIDE FOR HEALTHY RESOURCES AND SATISFIED CUSTOMERS.**

**OBJECTIVE 1A: TO PROVIDE FOR INCREASING OR STABLE FISH AND WILDLIFE POPULATIONS.**

**OUTCOME 1A: Percent of wildlife species that are increasing or stable.**

Baseline/ Year	FY 2018- 2019	FY 2019- 2020	FY 2020- 2021	FY 2021- 2022	FY 2022- 2023
49.0%	48.7%	48.7%	48.7%	48.7%	48.7%

**OUTCOME 1B: Percent of marine fishery stocks that are increasing or stable.**

Baseline/ Year	FY 2018- 2019	FY 2019- 2020	FY 2020- 2021	FY 2021- 2022	FY 2022- 2023
99%	80%	80%	80%	80%	80%

**OUTCOME 1C: Number of public contacts by law enforcement.**

Baseline/ Year	FY 2018- 2019	FY 2019- 2020	FY 2020- 2021	FY 2021- 2022	FY 2022- 2023
1,320,787	1,098,789	1,098,789	1,098,789	1,098,789	1,098,789

Minnesota’s performance and accountability standards provide an excellent model for transparency, as the information is provided on a dedicated performance and accountability page on the agency’s web page.

**Conservation Agenda**  
10-Year Strategic Plan

Performance and Accountability

**Performance Areas:**

- Waters and Watersheds
- Natural Lands
- Fish and Wildlife
- Outdoor Recreation
- Organization

## Performance and Accountability

The Performance and Accountability Report complements [DNR's 10-Year Strategic Plan](#). The report tracks our progress toward achieving conservation results. It contains 87 performance measures and targets to describe natural resource conditions, DNR management activities, and the results we strive to accomplish through our management efforts.

### Find Measures By Performance Area



[Waters and Watersheds](#)



[Natural Lands](#)



[Fish and Wildlife](#)

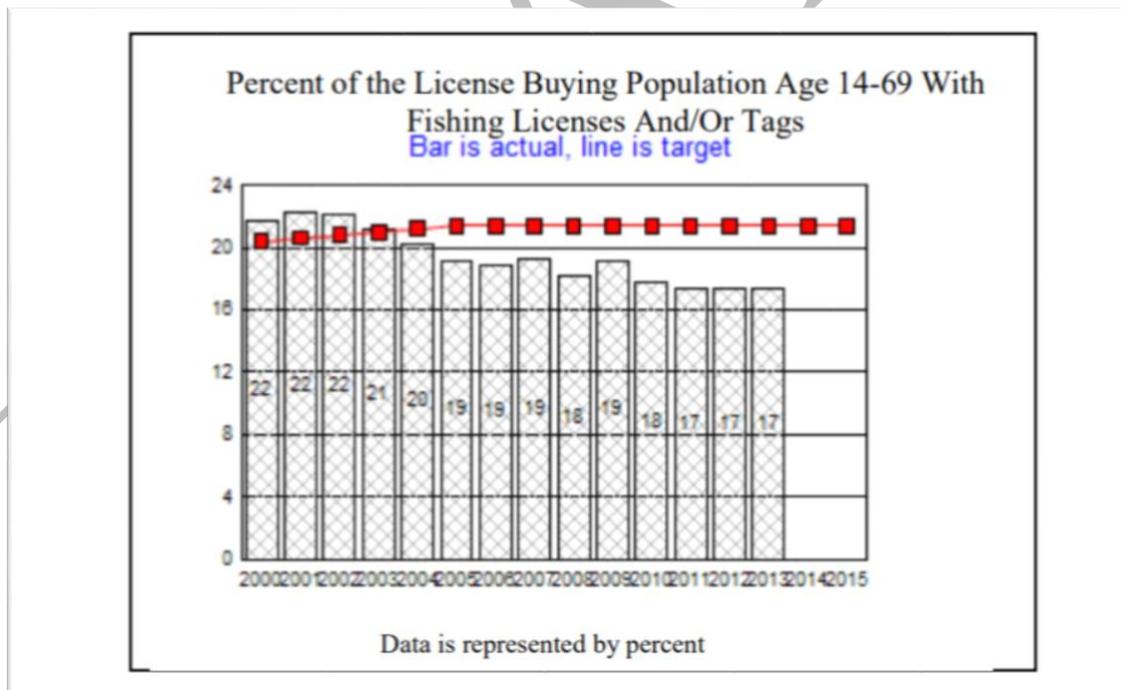


[Outdoor Recreation](#)



[Organization](#)

While the State of Oregon’s Department of Fish and Wildlife is in the process of revising and updating its strategic objectives and targets, the agency does have a strong history of developing and reporting on performance. The graphic below provides an example of performance monitoring that is published in the agency’s annual performance progress report.



### 3. PERFORMANCE MEASUREMENT RECOMMENDATIONS

As stated in the discussion of strategic planning, the establishment of action steps and performance metrics to support them is a vital component to ensuring that the organization has a well-defined direction and has the means to gauge its progress, determine where course corrections are necessary, and remain accountable to the public. Currently, the Department has a number of tools for achieving these ends, but they are not comprehensively organized or presented in a way that lends a cohesive focus to the Department as a whole. The best way to do this is by developing the strategic plan first, and using it as the basis for the Director's Performance Agreement and the Division Business Plans. The Commission should be directly involved in creating the strategic plan, because it is the primary guiding document for the Department. The Director's Performance Agreement is a strong and specific document, and the type of goal-setting and performance tracking effort that is used for the Director's Performance Agreement should be applied to the Strategic Plan. The creation of objectives and specific deliverables, as well as routine grading of performance against those deliverables, should be a strategic planning activity, although it can also be used to evaluate the Director's performance.

Similar to the strategic plan published by the Arizona Game and Fish department, these steps should each be supported by one or more quantifiable metrics, with a report on the metric from the preceding biennium included. This will not require the creation of new objectives or strategies (the ones provided in the Director's Performance Agreement are already sufficient), but will centralize them in a quantified fashion in the Department's flagship public document. This will have the benefit of clarifying the central foci of the Department and clearly communicating them to the public. This recommendation can be found in the discussion of strategic planning.

**Recommendation:** Under the guidance of the Commission, specific objectives and action steps should be developed for the Strategic Plan in the way they currently **are for the Director's Performance Agreement. To avoid duplication** of effort, **The Director's Performance Agreement should include the same criteria as the** strategic plan and be similarly assessed.

**Recommendation:** **The Director's Performance Agreement should be evaluated on** an annual basis rather than a biennial basis **to ensure that the Department's** progress is regularly tracked.

**Recommendation:** Periodic reports on progress towards achieving the adopted strategies and objectives should be prepared and provided to the Commission, the Governor, the Legislature and the public.

## E. External Communication and Public Education

The following section addresses the Department's external communications strategy and public education efforts.

### 1. EXTERNAL COMMUNICATION AT WDFW

The Department handles public outreach and external communication at a program level, regional level, and department-wide level. Within each of the major program areas, there are staff who focus on building relationships and maintaining communication with stakeholder groups who are concerned specifically with that program area. At the regional level, the same holds true, with Regional Directors carrying the responsibility of fostering dialogue with the general public, region-specific interest groups, and local tribal leaders in their geographic area. At the Department level, however, there is another group, the Public Affairs unit, led by a manager who reports to the Policy Director. This unit is responsible for issuing press releases to the media, managing the content of the Department's website<sup>2</sup> and social media outlets, facilitating community outreach functions, developing state and federal legislative fact sheets, and responding to public relations crises, when necessary. The communications staff in the unit develop messaging materials and promotional plans for assigned initiatives, such as conservation of a particular species, salmon fishing season, or wolf and livestock interactions.

### 2. CITIZEN ENGAGEMENT AT OTHER AGENCIES

In addition to citizen outreach during the budget process and for budget oversight (discussed elsewhere in this report), all of the agencies studied engage citizens and stakeholders using a wide variety of approaches. These include: surveys related to specific topics (such as potential policy changes), surveys assessing citizen's overall feelings regarding the agency's key responsibilities (such as conservation), open houses, and hearings. The four agencies that have an appointed commission all have open meetings, including the opportunity for people to watch meetings and provide comments on-line. Below are some specific examples of public input:

- The State of Missouri used a system of open-houses, on-line open houses, and solicitation of feedback to collect comments from 7,500 residents before considering changes to hunting regulations. The state also noted that in fiscal year 2016, there were 147 public engagement opportunities, including smallmouth bass

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<sup>2</sup> The Department's website is currently being replaced in order to more effectively provide information to the public.

and chronic wasting disease meetings, annual hunter surveys, conservation area plan comment periods, Regulation Committee comments, and a statewide landowner survey.

- The state of Florida uses public meetings held in different locations around the state for any rule changes, such as changes in season lengths or bag limits.
- The State of Oregon appointed a task force to identify possible remedies to a structural deficit facing the agency. As described, the agency was made up of: “diverse interests in fish and wildlife management including the outdoor recreation business community; conservation, hunting and fishing interests; outdoor recreation interests other than hunting and fishing; travel and tourism industry; counties and tribal governments; outdoor education community; sport and commercial fishing industry; and diverse communities that may be underserved or underrepresented.”
- The state of Minnesota has both a Wildlife Oversight Committee and Fisheries Oversight Committee, standing committees that meet monthly with staff of the agency to better understand their operations, priorities, and resource allocation decisions.

### **3. CONCLUSIONS AND RECOMMENDATIONS RELATED TO PUBLIC COMMUNICATION AND CITIZEN ENGAGEMENT**

While the pieces are in place for a robust public relations plan, the Department has suffered from a lack of credibility in the eyes of the public, due to competing opinions about the management of wildlife, the restrictions on fisheries, and the use of State Wildlife Fund, in addition to recent widely-publicized instances of employee misconduct.

The conflicts that the Department faces with stakeholder groups and tribal co-managers are, to some degree, inherent. Fish and wildlife are finite resources, and opportunities to harvest them and enjoy them recreationally are not unlimited. As the State’s population rises, the Department’s key customer bases of hunters and fishermen age out of sporting activities, and environmental concerns increase, the role of the Department in balancing competing demands becomes, structurally, more difficult. However, the Department has struggled to manage these public relations issues well for two main reasons:

- The Department has not clearly told its story to the public. For example, the Department faces a budget problem in the current biennium, but there has not been significant effort to communicate to the public that operational costs are

rising. Fee increases have been minimal to nonexistent over the last five years, but they remain as unpopular as ever, even as the costs of doing business rise.

- The Department has not successfully demonstrated that they hear and respond to the concerns of the public. The Strategic Plan and Operating Budget do not include material pointing to how the Department is working to meet the needs of everyday citizens, stakeholders, sportsmen, ranchers, tribes, commercial fishermen, and other “customer” groups who rely on the organization for cooperation and leadership.

These problems with conveying the Department’s message and demonstrating that customers’ messages have been heard spring from the fact that the Department has not successfully emphasized in-the-field, face-to-face relationships with stakeholders. The recent effort to engage the public in the budget process through the Wild Futures initiative resulted in some valuable insight and an opportunity to make the Department’s case to the public. It also revealed that Washington’s residents have deep concerns about the Department’s direction and policies, and that they do not feel as though the organization hears those concerns. But more pressingly, too few residents feel that there is a consistent presence from the Department in their area in the form of someone they know and see regularly.

**(1) The Department Should Appoint a Local WDFW Representative.**

In order to change the perception of the Department and improve dialogue with the public, the Public Affairs unit should add a new element to the Wild Future initiative, namely identifying a consistent local representative for the Department in each region.

- This individual could be the Regional Director or one of their assistants, a local program manager for one of the divisions, or another assigned staff member.
- They should be an available presence for the Department at the local level, focused on building relationships with stakeholder groups, disseminating information, and periodically hosting opportunities for public input and feedback. They should consistently be in contact with conservationist groups, sportsmen, and others who may be impacted by Department actions.
- The Public Affairs unit should create an inventory of issues which should be exposed to public comment at the local level, which might include changes to the lengths of harvest seasons, fee increases, budget updates, species and regional conservation plans, and other actions which may impact the public’s interactions

with Fish and Wildlife or their habitat. These issues should be sent to the local representative so that they can ensure their local stakeholders are aware of them and prepare opportunities for interaction with them.

- The Public Affairs unit should also offer training to the local representative to ensure that they are equipped to speak for the Department and have the communication skills to engage productively with constituents, especially when focusing on sensitive topics like the use of fee funding and the balance between commercial and recreational fishing.

The designated local representatives and/or Regional Directors should seek specifically to foster conversations with residents and stakeholders where the Department's customers can hear and be heard. These could be open houses or town hall meetings, similar to the State of Missouri, but the format of these meetings can be flexible depending on regional priorities and immediate circumstances (as well as relationships with local interest groups). Their contents, however, should be recorded and summarized as valuable constituent feedback.

In addition to this, the Public Affairs unit and Program staff should seek to consistently engage the Department's stakeholder advisory groups in issue-specific conversations, relying on their perspective to assess resident needs and to refine strategic planning for individual species.

Finally, the feedback from local meetings and advisory group conversations should be summarized and formally included as part of the framing context added to the strategic plan, as stated in the previous section focusing on that document. By doing this, the Department can tangibly demonstrate the impact that residents' voices have on the agency's direction, and the most prevalent themes can be used to refine the Department's goals and strategies.

**Recommendation:** The Department should designate and support regional representatives to focus on ongoing conversations and relationship-building with local stakeholders as part of the Wild Future initiative.

**Recommendation:** The Department should implement new online public engagement tools to solicit a higher-quality of public input.

**Recommendation:** The input from local meetings and issue advisory groups should be formally included in the strategic plan as part of the framing context and ***used to prioritize the agency's goals and strategies.***

**(2) The Department Should Expand Outreach to Non-Core Customers and Utilize Technology More Heavily.**

In addition to residents who routinely attend public meetings and respond to requests for comment, the Department should seek to increase engagement with other Washington residents. As previously stated, an aging base of core customers (hunters, fishermen, and outdoorsmen) and increasing environmental concerns mean that the Department must increasingly be able to tell its message to those without significant knowledge of WDFW operations.

Below are some examples of successful outreach from agencies in other states:

- The State of Oregon's Legislative Task Force on Funding for Fish, Wildlife, and Related Outdoor Recreation and Education conducted a scientifically valid survey of all state residents on their attitudes towards the agency and its key functions.
- The State of Oregon's Department of Fish and Wildlife has also developed a comprehensive outreach plan as part of the state's conservation strategy. The plan reaches out to landowners, young Oregonians, federal and state agencies, and non-profits. It includes agency sponsored learning, special events, media partnerships, and volunteer programs.
- The Missouri Department of Conservation has also supplemented public comments with statistically valid surveys. The agency explains: "by using a statistically valid survey design, information collected can closely reflect actual attitudes of a surveyed population." One example of this was a state-wide conservation opinion survey of University of Missouri-Columbia for the Missouri Department of Conservation. A few of the key findings are illustrated below:

#### Key Findings

- **Most Missourians report they are interested in Missouri’s forests, fish, and wildlife (95 percent).** Only five percent of Missourians indicated they are “Not at all” interested.
  - **Over three-quarters of Missourians agree that “The Missouri Department of Conservation is a name I can trust” (76 percent).**
  - **About two-thirds of Missourians rate the job the Department of Conservation is doing as “Excellent” or “Good.”** When asked to rate the job the Department is doing in providing services for the State of Missouri, themselves, or their family: **68 percent reported “Excellent” or “Good” for the state; 67 percent for themselves; and 65 percent for their family.**
- The Florida Fish and Wildlife Commission uses on-line surveys to reach a broader audience than those who manage to attend public meetings. As an example, when seeking input on rule changes related to anchoring boats the agency held three public meetings and then “recognizing that the outcome of the three public meetings was not adequately representative of the wide range of stakeholders potentially affected by this issue, the FWC initiated an online survey intended to expand the reach and diversity of stakeholders.”

In addition to these measures, the use of technology provides multiple opportunities to engage residents who are not part of WDFW’s core customer base. One example of this would be to introduce virtual meetings, where meetings physically occurring are available in real time via video stream, and comments, questions, and responses can be sent as meeting input from the comfort of a home computer screen. The Department should implement online public engagement tools that enable the agency to interact with all facets of the public in a variety of ways – including online meetings, policy review and comment, virtual brainstorming sessions, etc.

Technology should not be used in every context, but it should instead support the function being undertaken by the Department. For example, different tools should be used when asking residents to share tips with other hunters, report the location of a waterway blockage, or indicate their preference from a set of competing budget priorities. Also, technology should be used in support of the Department’s broader outreach plan, which should be developed by the Public Affairs unit.

**Recommendation:** The Department should use on-line public engagement tools to enable conduct of on-line meetings, on-line communications, and various survey

methodology with the general public to reach an audience beyond their current most involved constituents.

Recommendation: The Department should establish an outreach plan to prioritize messaging to non-core customers and provide a framework for the use of appropriate technology.

Recommendation: The Department should develop a strategic vision for the **Agency's outreach efforts and plan. Additional regional staff responsibilities** for public outreach should be developed and implemented.

DRAFT

## 4. Administrative Structure and Operations Review

This chapter assesses the organizational structure of the WDFW. This includes an assessment of the overall organizational structure, the program structure, regional structure, the level of centralization and decentralization for administrative functions, and the uses of technology for administrative functions.

For this analysis, the consultants utilized interviews, observations and data collection to make assessments of organizational issues, but also conducted a survey of the organizational structures, staffing and budgets of three similar Washington State agencies. These agencies included the Department of Parks and Recreation, the Department of Natural Resources and the Department of Ecology.

Based on our review of existing operations, best management practices, and other agencies we present key recommendations for improvements to WDFW's organizational structure.

### A. Organizational Structure Review

This section provides an analysis of the organizational structure of the Department of Fish and Wildlife, with a specific focus on functional centralization and decentralization.

#### **1. THE REALIGNMENT OF SPECIFIC FUNCTIONS COULD RESULT IN A MORE EFFECTIVE ORGANIZATIONAL STRUCTURE.**

Although the organizational structure of the Department's management and the number of reporting relationships is generally appropriate, there are specific changes in alignment that would result in a more effective organizational structure. This section of the report provides discussion and recommendations regarding the structure of the agency.

##### **(1) The Agency Should Create a Program of Administrative Services Reporting to the Director.**

As already noted in the prior chapter, an Administrative Services Program should be created that is overseen either by an Administrative Services Director or a newly created second Deputy Director position.

##### **(2) The Financial Functions Currently Performed in the Licensing Division Should Be Transferred to the Financial Services Section.**

The Licensing Division of the Technology and Financial Management Program is responsible for the sale of a variety of license types, including fishing and hunting, as well as Discover passes, specialized commercial licenses, and others. These sales may be made in several ways, including in person, mail, internet, phone and, most often, at one of many retail outlets across the State. As the sales are made, the Licensing Division receives either physical or electronic payment, and a Fiscal Analyst 1 and Fiscal Analyst 2, under the supervision of a Fiscal Analyst 4, are responsible for balancing these payments.

The accounting functions performed by the three Fiscal Analysts in the Licensing Division are similar to those performed within the Fiscal Services Section of the Financial Services Division. The transfer of these three positions to the Fiscal Office of the Chief Financial Officer consolidates the receivables function, and allows for the sharing of personnel resources within this function, as well as for additional cross-training of personnel.

Recommendation: Transfer the Fiscal Analyst 4, Fiscal Analyst 2 and Fiscal Analyst 1 from the Licensing Division of the Technology and Financial Services Program to the Fiscal Office of the Chief Financial Officer.

**(3) The Internal Auditor Should Be Transferred from the Office of the Chief Financial Officer to the Director's Office.**

The Internal Auditor plays a significant role in any organization. Primary functions fulfilled by the position include:

- **The provision of objectivity.** The Internal Auditor has no operational responsibility, and therefore has no vested interests in the processes utilized to achieve results. Therefore, the Auditor can provide objective insights in the evaluation of these processes.
- **The improvement of operational efficiency.** The Internal Auditor objectively evaluates operations, and ensures that they are both efficient and are being performed in compliance with internal policies and procedures.
- **The assessment of internal controls.** The Internal Auditor determines if financial and operational processes are being conducted in accordance with best practices, and whether they are adequate in minimizing risk to the agency.
- **The assurance of compliance with rules and regulations.** The Internal Auditor is knowledgeable in current rules and regulations, whether these are promulgated by the agency, the State, the federal government, or by industry groups.

In carrying out the duties listed above, as well as others, the Internal Auditor requires independence in highlighting discrepancies, in making recommendations for improvement, and in issuing opinions. The successful accomplishment of these goals may be compromised without complete organizational independence.

The Internal Auditor of the Department of Fish and Wildlife is currently organizationally located within the Office of the Chief Financial Officer. This organizational placement fails to ensure that the position can effectively make potentially sensitive recommendations regarding findings within the Office of the CFO. For this reason, the project team recommends that the position be transferred from the Office of the CFO to the Office of Director. This ensures that the Internal Auditor's objectivity is not compromised, and will all for a more open dialog with all divisions of the agency in making recommendations related to internal controls, operational efficiencies, and others.

**Recommendation:** The Internal Auditor should be organizationally transferred from the Office of the Chief Financial Officer to the Office of the Director.

Related to the assurance of organizational objectivity on the part of the Internal Auditor is the fact that the position's membership in the Washington Federation of State Employees bargaining unit is compulsory. This too compromises the objectivity of the Internal Auditor who must not be placed in a position of making critical findings and sensitive recommendations that could potentially affect fellow union members. For this reason, the project team recommends that the Internal Auditor not be permitted to be a member of any collective bargaining unit in which other Department of Fish and Wildlife employees are a part.

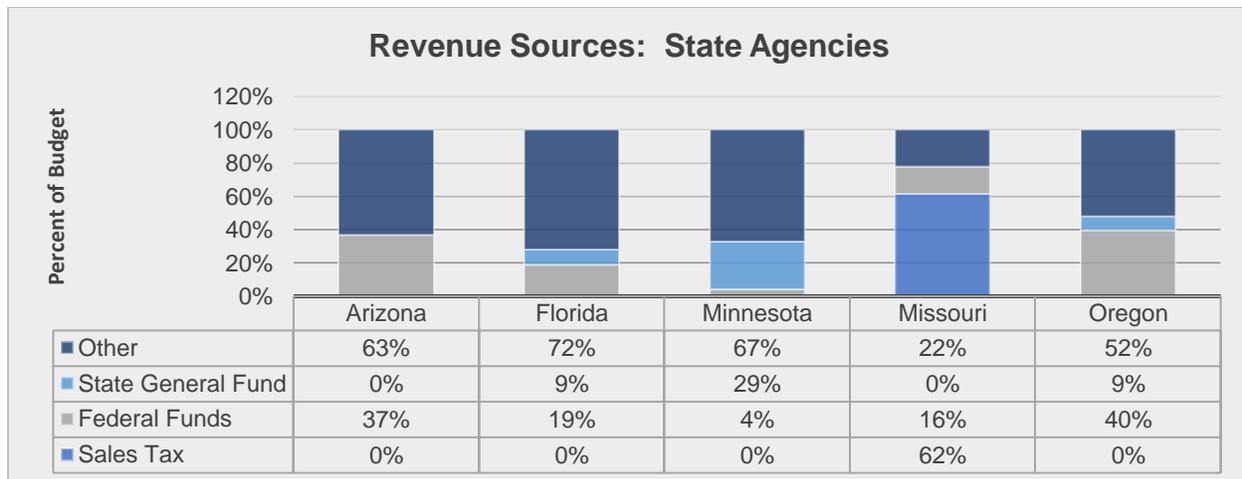
**Recommendation:** The Internal Auditor should not be permitted to be a member of a collective bargaining unit of which other Department of Fish and Wildlife employees are a part.

## **B. Budgetary Process Review**

This section provides an analysis of the budgetary processes utilized by the Washington Department of Fish and Wildlife.

### **1. COMPARISON WITH OTHER STATES.**

To provide context for the discussion on the budgetary processes employed by the WDFW, we surveyed other state agencies' approaches to this process. The other state agencies studied varied considerably in size and sources of revenue. The largest was Minnesota with an annual budget of approximately \$500 million; the smallest was Arizona with \$117 million. The Missouri Department of Conservation benefits from a dedicated sales tax that provides income stability as well as autonomy in many budgeting decisions (expenditures of the dedicated sales tax revenues are not subject to state appropriation requirements and do not need to be approved by the legislature.)



The budget approval process varies significantly among the different state fish and wildlife agencies studied. Arizona, Minnesota and Oregon have a biennial budget process, while the other states are annual. In Minnesota, the budget review process is primarily conducted by the state legislature, with the legislature setting a base budget and then conducting hearings on proposals from the division's executive office. In Missouri, the budget process is done almost entirely by the agency, and the legislature's approval is considered pro forma.

Most of the agencies studied include some form of public involvement in the budget process. This public involvement allows various constituencies to be heard and increases the likelihood of budgetary support at approval time. Two examples may provide models for WDFW to follow in future years to improve transparency and build support for the agency:

- Oregon's Department of Fish and Wildlife has a 40+ person external budget advisory committee, and holds 8 town meetings throughout the state to review the budget before it is submitted to the legislature.
- While Minnesota's Department of Natural Resources doesn't have budget hearings outside of the state legislative process, there is a standing Budget Oversight Committee that monitors and makes recommendations regarding the state's Game and Fish Fund, which is financed primarily by hunting and fishing license fees and constitutes approximately one-third of the agency's budget. This committee has also advocated for the agency. In a letter to legislatures advocating for a fee increase, for example, members stated: "Each year the Committee spends approximately 6 months scrutinizing the funding and expenditures from the Game and Fish Fund. Over the past several years the Committee has concluded

that, by and large, the Fish & Wildlife Division does use funds appropriately and *efficiently.*”

In all cases, projections and budgets for individual departments and divisions are developed and vetted in conjunction with budget analysts, who report either to a finance/budget department or to the agency’s executive director’s office.

## **2. THE DEPARTMENT SHOULD MAKE CERTAIN CHANGES IN ITS BUDGETING PROCESSES TO ENSURE GREATER CONTROL AND TRANSPARENCY.**

With a biennial budget of \$437.6 million, the WDFW shoulders significant responsibility for effectively budgeting and accounting for funds from a variety of sources – grant funding, fees collected from residents, state general funds, and contracts held by the Department. In developing a biennial spending plan and offering transparency to staff and stakeholder, the Department faces a number of significant challenges, including:

- The level of granularity in the chart of accounts for each program varies widely, but in almost all cases is very deep, and requires the Chief Budget Officer and staff to ask a great number of questions of programmatic personnel regarding budget detail inquiries by the legislature and others.
- In part due to the complexity of the accounting structure, it takes the Department many months to complete their spending plans.
- The CAPS Financial system used to set the budget has certain limitations that inhibit the efficiency of the budgetary process. For example, CAPS limits the number of funding sources to two (2) for any single budget code loaded into TALS, the enterprise resource management system used by OFM to upload spending plans. Although staff in the Central Budget Office are able to work around this limitation, within certain limits, it is time consuming and inefficient.
- Although the Central Budget Office serves a critical role in the development of the overall Departmental budget, developing Agency Fiscal Notes, and transmitting the incremental spending authority to the various programs and divisions, it plays a very limited role in determining how spending plans are developed.
- The proliferation of account codes is a further impediment to the efficient development of the budget, however it is also an impediment to the Central Budget Office in being able to respond to inquiries about the budget from the legislature and others. In large part, this proliferation of account codes is a cultural issue in that WDFW staff who develop budgetary requests have historically tended to

develop their individual budgets at a very low level of detail for purposes of accountability, as well as to ensure that they are able to answer questions related to their budget submittals.

The following sections discuss these challenges, and make recommendations to address these in order to gain a greater degree of control and transparency over the budgeting process.

**(1) The Current Systems Utilized in the Budget Process Are Inefficient.**

The Department's CAPS financial system used to set the Department budget does not integrate with the State's ERP system. The CAPS system is used to develop budgets at a level of detail that shows the actual staff costs, benefits, travel costs, etc., for specific projects, however the system (TALS) used by the State's Office of Financial Management is used primarily as a budget tracking tool that does not require this level of detail.

Another issue in the development of the Department budget is the varying levels of detail, or granularity, used by staff in the various programs. In many cases, field staff with little or no budgetary experience are developing these budgets at fine levels of granularity that not only may not be necessary for budget tracking and reporting, but are at a level of detail that is different from another staff member who is responsible for the development of a different budget. The result is that the Departmental chart of accounts contains well over 2,000 line items.

There are multiple cultural, technological and operational issues that combine to create an inefficient and time-consuming budgetary process for WDFW. However, the overarching issue is the limitations related to the CAPS financial system. This system, which is unique to WDFW in the State organization, limits the number of funding sources for any single program to two (2), creating the need in many cases for CBO staff to work around this by changing the code in CAPS, which is time-consuming and, in certain cases, not adequate to capture all the funding sources even after this "work around." Another limitation is that CAPS "points" to the Master Index (MI) which is the same as the Program Index (PI). In a more robust financial system, the Budget Office would have the ability to include multiple MI's under a single PI, which would reduce the volume and complexity of the budget. As an example, the Wildlife Program may have a PI for a Deer program, and a PI for an Elk program. Under the current limitations of CAPS, there is an MI for both of these programs. In a more robust financial system, the CBO would have the ability to combine these separate Deer and Elk MI's under a single PI.

The issues described above have combined to create delays in the development of the budget for the Department, but perhaps as importantly, they are resulting in a non-standardized approach to budget development, monitoring and reporting. This in turn diminishes the effectiveness of the Central Budget Office staff, as they frequently are required to contact field personnel or divisional Budget Analysts for answers to questions posed by members of the legislature and other external stakeholders due to the level of granularity at which budgets were initially developed and tracked.

The project team recommends that the Department of Fish and Wildlife streamline and standardize budgetary processes. These objectives can be achieved in three ways:

- **Procure and install a new enterprise resource planning system that results in a greater level of transparency in the budget development process.** This is necessary to replace the antiquated CAPS financial system for budget development, that will, itself, increase the efficiency of the budget development process, but it will also facilitate the standardization of the use of account codes. The system should be capable of linking budget data to contract information as well.
- **Standardize the level of detail used to develop and track budgets.** Budgets are often developed by staff at relatively low levels in the organization who have limited knowledge of budget development techniques, and develop project budgets that are at such fine levels of granularity that it makes monitoring budgets difficult, and even unnecessary when tracking expenditures of \$500 to \$1,000, or even less in some cases.
- **Standardize the use of account codes used to develop budgets.** As described above, different programs and divisions utilize these codes in different ways, and many WDFW staff create individual program budgets at a level of granularity that requires the CBO to query the individuals who developed these budgets to be able to respond to inquiries from the legislature and others. The WDFW needs to be able to “layer” the use of account codes by creating multiple PI’s under a single MI in order to reduce the volume of codes used, and also to make the budget clearer and more understandable.

The goals should be to reduce the time expended in developing and tracking the budget, but also to ensure a common approach to the budgeting process, generally. The Department has historically utilized a hybrid approach to the budgeting process, whereby there is a Central Budget Office with limited staff responsible for assembling, presenting and tracking the budgets. These staff interact with Budget Analysts within the various

divisions and programs who are responsible for working with program staff to develop and submit their budgets to the CBO, and then develop spending plans once expenditure authority is provided.

The project team recommends that, in order to facilitate the standardization of the budgetary process, the Department transition to an organizational approach that consolidates the Budget Analysts, currently reporting to their respective programs, under the direction of the CBO. There is great value to the organization in placing the Budget Analysts within the programmatic areas in order to fully understand programs and projects, and this should continue. However, in order to ensure that budgeting processes are standardized, greater degrees of communication and control are necessary from the CBO. This can be accomplished through the organizational consolidation of all phases of the budgetary process under the direction of a single authority.

**Recommendation:** Consolidate all Budget Analysts under the direction of the Chief Budget Officer in order to standardize approaches to budget development, tracking and reporting.

**Recommendation:** Procure and install a new enterprise resource planning system that replaces CAPS as a budget development tool, and is also compatible with the **State's TALS system.**

## C. Administrative Staffing Level Assessment.

Our consultants compared certain attributes of WDFW to those of the Department of Parks and Recreation (DPR), the Department of Natural Resources (DNR) and to the Department of Ecology (ECY). These attributes included overall staffing levels, degree of centralization and decentralization of administrative functions, and budgetary levels. The following sections provide the findings and conclusions related to these analyses.

### 1. THE DEPARTMENT OF FISH AND WILDLIFE'S BUDGET IS GREATER ON A PER-EMPLOYEE BASIS THAN TWO OF THE THREE IN-STATE AGENCY PEERS.

The total operating budget for WDFW is approximately \$437 million, which is greater than DPR and DNR, but less than that of ECY. However, as the table below shows, the WDFW operating budget is greater than each of its three in-state agency peers.

Agency	Total Staff <sup>3</sup>	Capital Budget	Operating Budget	Total Budget	Operating Budget per Employee
DPR	756	\$77 mil	\$165 mil	\$242 mil	\$218,254
DNR	1,728	\$32 mil	\$320 mil	\$352 mil	\$185,185
ECY	1,566	\$667 mil	\$495 mil	\$1,162 mil	\$316,092
<b>WDFW</b>	<b>1,896</b>	<b>\$158 mil</b>	<b>\$437 mil</b>	<b>\$595 mil</b>	<b>\$230,485</b>

As can be seen in the table, the operating budget per employee in WDFW is \$230,485, which is 37.1% less than the per-employee budget of the Department of Ecology, 5.3% greater than that of the Department of Parks and Recreation, and 19.6% greater than that of the Department of Natural Resources.

## 2. THE DEGREE OF CENTRALIZATION IN ADMINISTRATIVE FUNCTIONS IS SIMILAR AMONG THE FOUR COMPARATIVE AGENCIES.

The four agencies have generally decentralized the same services, as the table below shows.

### Centralized Services

Service	Parks and Recreation	Department of Natural Resources	Department of Ecology	Department of Fish and Wildlife
<b>Human Resources</b>	Stand-alone HR Department	Stand-alone HR Department	Stand-alone HR Department	Stand-alone HR Department
<b>Information Technology</b>	Included in Administrative Services Division, although some operating divisions have dedicated IT staff	Stand-alone IT Department, although some operating divisions have dedicated IT staff	Stand-alone IT Department, although some operating divisions have dedicated IT staff	Stand-alone IT Department, although some operating divisions have dedicated IT staff
<b>Budget</b>	Included in Administrative Services Division. Some operating divisions have dedicated budget analyst positions	Included in the Budget, Finance, Economics and Risk Management Department. Some operating divisions have dedicated budget analyst positions	Included in the Financial Services Division. Some operating divisions have dedicated budget analyst positions.	Included in the Technology and Financial Management Program. Some operating divisions have dedicated budget analyst positions.
<b>Finance and Administration</b>	Included in Administrative Services Division	Included in the Budget, Finance, Economics and Risk Management Department	Included in the Financial Services Division.	Included in the Technology and Financial Management Program.

<sup>3</sup> Source: Office of Financial Management Workforce Headcount by Job

Service	Parks and Recreation	Department of Natural Resources	Department of Ecology	Department of Fish and Wildlife
<b>Procurement and Contracts</b>	Included in Administrative Services Division	Included in the Budget, Finance, Economics and Risk Management Department	Included in the Financial Services Division.	Included in the Technology and Financial Management Program.

As can be seen in the table, the four agencies have centralized human resources, fiscal services, and procurement and contracts. The agencies operate in a hybrid fashion regarding information technology and budget. The core information technology services are organizationally centralized, with dedicated IT specialists located in, particularly, the larger organizational units to provide specialized applications development and support. Budget development and monitoring are provided centrally, with larger divisions having Budget Analysts to perform duties such as budget development, monitoring and reporting.

In analyzing the ratios of centralized staff to total numbers of agency staff, however, indicates that there are relatively wide variations among the four agencies. The table below shows the numbers of centralized staff in the primary administrative functions, with comparisons of ratios of these staff to the total number of agency staff supported.

**Comparison of Total Agency Staff to Central Administrative Staff**

Functional Area	WDFW	DPR	DNR	ECY
Budget	6	5	5	9
Financial/Accounting	33	16	24	35
Purchasing/Contracts	9	7	4	6
Human Resources	21	9	17	24.5
Information Technology	58	7	49	88
<b>Total Central Staff</b>	<b>127</b>	<b>44</b>	<b>99</b>	<b>162.5</b>
Total Agency Staff	1,896	756	1,728	1,566
<b>Ratio</b>	<b>13.9 to 1</b>	<b>16.2 to 1</b>	<b>16.5 to 1</b>	<b>8.6 to 1</b>

Note that only the Department of Ecology (ECY) has a lower ratio of staff per central administrative staff (8.6 to 1) than WDFW – which is at 13.9 to 1. Both DPR and DNR have ratios above 16 to 1 – at 16.2 and 16.5 respectively.

In attempting to isolate the differences between the two agencies with relatively high ratios of total staff to central staff (DPR and DNR) from the two with relatively high ratios (WDFW and ECY), the project team calculated the ratios of each of the functional areas to the total agency staff. The results are provided in the table below.

Functional Area	WDFW		DPR		DNR		ECY	
	Central Staff	Total Staff Per Central Staff	Central Staff	Total Staff Per Central Staff	Central Staff	Total Staff Per Central Staff	Central Staff	Total Staff Per Central Staff
Budget	6	316 to 1	5	151 to 1	5	345 to 1	9	174 to 1

Financial/Accounting	33	57 to 1	16	47 to 1	24	72 to 1	35	45 to 1
Purchasing/Contracts	9	210 to 1	7	108 to 1	4	432 to 1	6	261 to 1
Human Resources	21	90 to 1	9	84 to 1	17	102 to 1	24.5	64 to 1
Information Tech.	58	33 to 1	7	108 to 1	49	35 to 1	88	18 to 1
<b>Total</b>	<b>127</b>	<b>13.9 to 1</b>	<b>44</b>	<b>16.2 to 1</b>	<b>99</b>	<b>16.5 to 1</b>	<b>162.5</b>	<b>8.6 to 1</b>

Although the table above does not provide any single explanation for the variations in the overall ratios, it does indicate that there are wide variations in several areas. The following points highlight these variations.

- WDFW has the second highest number of employees per central budget staff of the four agencies. Only the Department of Natural Resources is higher.
- Similarly, WDFW has the second highest number of employees per financial / accounting staff of the four agencies. Again, only the Department of Natural Resources is higher.
- Regarding purchasing / contracts staff, two of the other agencies have more employees per central staff member in this area (Natural Resources and Ecology).
- When evaluating Human Resources, WDFW has 90 employees per central HR position. Only the Department of Natural Resources has a higher ratio (102 to 1). Both the Departments of Parks and Recreation and Ecology have lower ratios – 84 to 1 and 64 to 1 respectively.
- Finally, on Information Technology, WDFW is staffed comparably in central IT with the Department of Natural Resources (33 to 1 and 35 to 1 respectively). The Department of Ecology has a lower ratio (18 to 1) and DPR has a higher ratio (108 to 1).

**[THE REMAINDER OF THIS SECTION IS STILL UNDER MODIFICATION BASED UPON INITIAL DEPARTMENTAL FEEDBACK. WE ARE WORKING WITH OTHER AGENCIES TO DETERMINE SPECIFIC NUMBERS OF DECENTRALIZED STAFF BY FUNCTIONAL AREA.]**

The above analysis focused only on the ratios of total staff to the numbers of staff providing administrative services in the central offices of their respective agencies. Each agency, however, has support staff distributed throughout their organizations who provide these services to specific divisions within these agencies. We refer to these as administrative staff providing “decentralized” support services. In an attempt to explain the relatively wide variations in the ratios of total agency staff to support staff in the centralized divisions, the project team added the “decentralized” support staff to those staff members providing centralized support. The following table provides the results of this analysis.

Functional Area	WDFW		DPR		DNR		ECY	
	Total Support Staff	Total Staff Per Support Staff	Total Support Staff	Total Staff Per Support Staff	Total Support Staff	Total Staff Per Support Staff	Total Support Staff	Total Staff Per Support Staff
Budget	8	188:1	5	217:1	10	222:1	21	89:1
Financial/Accounting	40	37:1	21	51:1	55	40:1	35	53:1
Purchasing/Contracts	11	137:1	9	120:1	9	247:1	6	316:1
Human Resources	21	71:1	12	90:1	20	111:1	24.5	77:1
Information Tech.	111	13:1	14	77:1	98	22:1	150	12:1
<b>Total</b>	<b>191</b>	<b>7.9:1</b>	<b>61</b>	<b>17.9:1</b>	<b>192</b>	<b>11.6:1</b>	<b>236.5</b>	<b>8.0:1</b>

Highlights from an analysis of the table above include the following:

- The addition of “decentralized” support staff to the totals generally results in reductions in the variations between the ratios in the agencies. For example, the ratios of Financial and Accounting support staff fall within a much tighter range (37:1 in WDFW to 53:1 in ECY). This compares to the range of 45:1 in WDFW to 92:1 in DNR when including only the central financial and accounting staff.
- The variation in the ratio of total agency staff to Information Technology staff remains wide, with a 12:1 ratio in ECY, and a 77:1 ratio in DPR. However, the variation is somewhat lower when only including the Information Technology staff in the central divisions of each agency.
- The overall staffing ratios narrowed, however Parks and Recreation remains an outlier, with almost 18 agency staff members per employee providing support services, compared to a range of 7.9: 1 at WDFW to 11.6:1 at DNR.

The wide variation between state agencies prohibits making definitive conclusions regarding the optimum mix of support staff ratios to total staffing contingents on its own merits. Further, the “optimum” mix of centralized and decentralized support staff among these agencies appears to be a reflection of individual philosophies of the departments. The Department of Parks and Recreation and Department of Natural Resources utilize relatively few support staff, as reflected in the 16.2 to 1 and 16.5 to 1 ratios of total agency staff to support staff. The Departments of Ecology, on the other hand, has a ration of 8.6 central administrative staff per department employee – a higher ratio than the other agencies and WDFW’s ratio of 13.9 to 1.

Functional Area	Sum of Central Staff	Ratio
Budget	20.0	282.2:1
Financial/Accounting	92.0	61.3:1
Purchasing/Contracts	19.0	297.0:1
Human Resources	62.5	90.3:1
Information Technology	195.0	28.9:1
<b>Total</b>	<b>388.5</b>	<b>14.5:1</b>

The ratios in the table above should not be viewed as rigid rules regarding staffing levels for central support services, but rather as guidelines outside of which WDFW should justify any additional staff.

Strong consideration should be given to combining the IT operations into a single centralized operation to enable allocation of staff to highest priority Department activities. Costs can be charged out to divisions appropriately based upon work performed.

**Recommendation:** WDFW should reevaluate administrative staffing levels (specifically in the IT and Financial areas) and move to realign staffing allocations to be more in line with staffing levels seen in other State of Washington Agencies.

## D. Information Technology Strategic Plan.

Technology is an integral component of all effective government agencies, and all operational improvement initiatives necessarily include a technology component. As stated elsewhere in this report, one area of high priority is clearly an agency-wide finance and personnel system that would allow for greater communication, consistency, and reporting across all departments, divisions, and regional offices. Another key issue is apparent inconsistency in the deployment and use of IT systems by different departments.

Given the high value and high cost of technology (and the recommendation for the implementation of additional technology solutions), the agency should undertake a formal IT strategic planning initiative. This would include a comprehensive analysis of individual departmental and agency-wide technology needs and develop a roadmap to meeting these needs. It would also ensure the existence of clear, agency-wide IT policies to be followed at all levels of the organization.

The technology plan should focus on seeking systems that have wide application across departments and functions where possible and should incorporate the following principles:

- **Standardization** – Standardize IT solutions across the agency where feasible to decrease costs and improve information sharing.
- **Business Process Support** – Ensure that the technology deployments include an examination of business processes and automate these to the greatest degree possible. As mentioned, this is a strength of the current department, but should continue to be a focus.
- **Innovation and Flexibility** – Systems should allow new functionality to be added quickly as new needs are identified.

- **Maintenance and Support** – Once systems are procured and deployed, resources should be in place to maintain and support them, including training new employee.

Following these principles, the technology plan needs to be developed and implemented based on a needs assessment of each operational area, an understanding of short and long-term funding availability, equitable resource allocation, and sound business practices.

**Recommendation:** WDFW should develop and implement a comprehensive IT strategic plan for the Department with defined priorities and time schedules.

DRAFT